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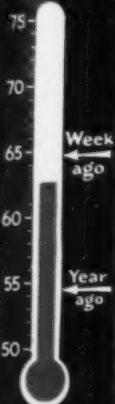
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# BUSINESS WEEK

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INDICATOR



Business  
Outlook  
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20 CENTS

WIDE WORLD  
LONE EAGLE—NRA's motor code drive  
centered on the veteran driver of Detroit.

Printed by The Schweitzer Press, N. Y.



# This Business Week

THIS is our birthday. Four years old, and feeling better, thank you. No youngster ever grew up in tougher weather—in fact, we were beginning to think it wasn't weather at all, but climate.

STILL talking about ourselves—a recent advertisement of *Business Week* used the old saying that wherever the boss sits down automatically becomes the head of the table. We called him "MacDonald." Indignant readers protest it was MacGregor. Well, it seems there were a couple of Scotchmen—

Emerson called him MacDonald. Bartlett's notes both versions. It isn't a very new idea. In Don Quixote is this line,

"Sit thee down, chaff-threshing churl; for, let me sit where I will, that is the upper end to thee."

DR. MOLEY's new magazine is to be called *Today*, which possibly is taken from the familiar quotation, "Here today—." He rejected many excellent suggestions for a name. One was *The Asterisk*.

NEWSPAPER writers are a little dazed at the story of Louis Stark. He is labor expert for the *New York Times*. He put in 80 hours of overtime trying to keep up with the dizzy shifts in the coal code negotiations—did it as a matter of course, as newspaper reporters always have on any important story, thinking nothing of it. But the *Times* takes its PRA seriously; informed Stark he would have to take a 12-day layoff, with pay.

THE Commerce Department, which has been squeezing itself into corners and upper floors of the "biggest office building in the world" so as to keep NRA under its roof, isn't looking for a job—is contented to stand by and help in the "common effort." But Secretary Roper said this week that with its help to PRA and in other bits, the department was "being prepared and trained to take over later peace-time developments, after the emergency and on the long-time schedule, provided the President does not decide to continue the present NRA organization as a permanent factor."

PUERTO RICO, which has been enjoying a growing business in the States in "French" embroidered and hand-made underthings, faces a catastrophe of island-wide magnitude under NRA, according to its friends in Washington. General Johnson admits the problem, has announced he will send a special

investigator to Puerto Rico—also to Hawaii.

SYSTEMATICALLY seeking for things to import from South America under reduced duties, so as to make the proposed reciprocity treaties feasible, the State Department has dug up a fact that will be new to most North Americans—some of the finest wines in the world are to be had there. Chile has notable vintage wines; Argentina makes cheap and good table wines, transports them in pipe lines.

THIS week's saying by General Johnson: "You can't apply the lessons of the chart of any other depression to this one. We have 15 million people out of work, 40 million on the verge of destitution, and I never saw that in any chart I ever studied. I have studied a lot of them."

IN a fine spirit of democracy, the Washington taxi driver always offers brisk and friendly conversation to his fares. Sample: "We certainly are busy. It's this NRA—they certainly are putting on a fine convention."

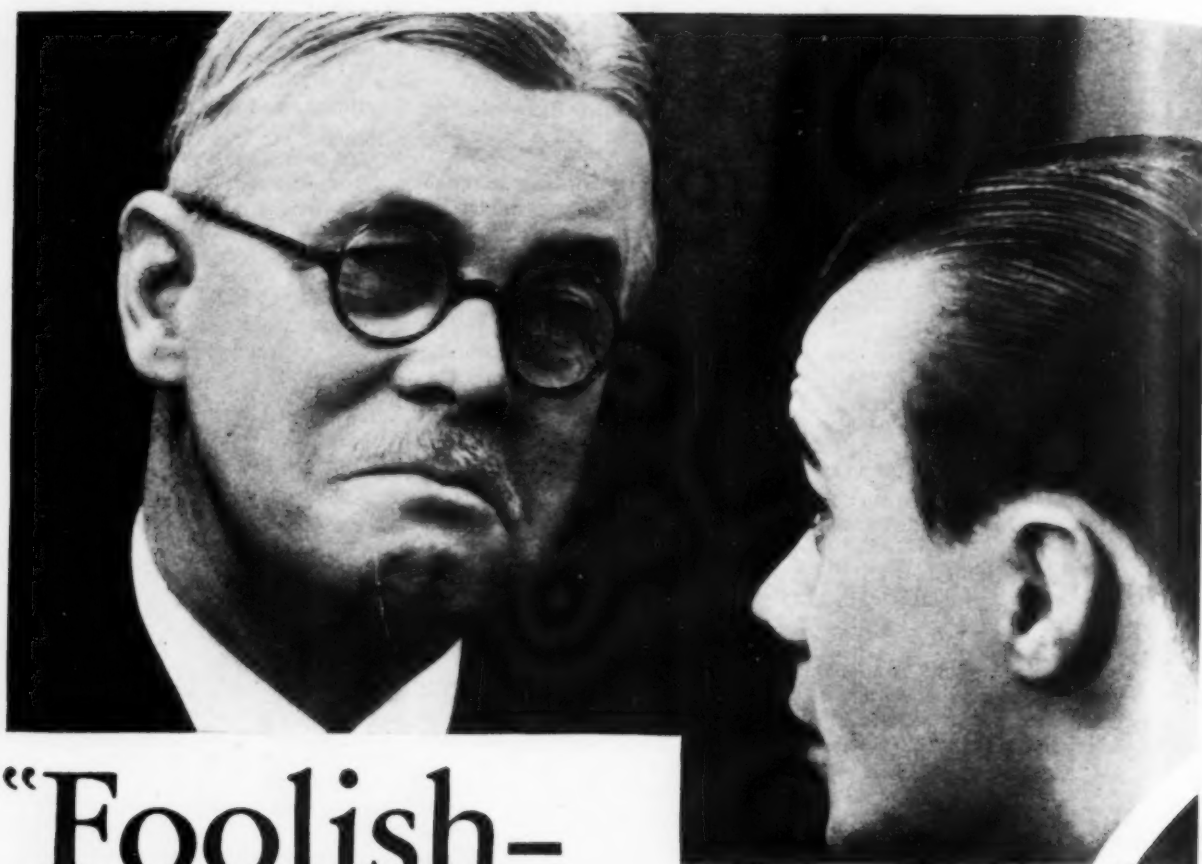
SPEAKING of dictators, Old England has three avowed candidates for the job. Sir Oswald Mosley would like to be the local Hitler. So would Gen. Seton Hutchison, and Sir Warden Chilcott. None of these cuts any ice. But long-sighted prophets are asking if some day the real dictator of Britain may not be Sir Josiah Stamp, usually called Josh. He has reconstructed the biggest railway, the Midland, and is suspected to be working toward a unified rail system with himself as boss. He is on the Board of the Bank of England—may succeed Norman as governor. He is consulted when governments are formed. He is head of the biggest Building Society in London, which gives him tremendous prestige with the populace.

AN objective of the NRA that is just beginning to come in for discussion is the setting up of standards of quality. Tests of six different types of vacuum cleaners showed wide variations in performance. There was no correlation between cost and results. The Administration's feeling is that goods of this and many other sorts should measure up to definite specifications with which the consumer could be made familiar. The Department of Agriculture already has launched a similar drive for more definite standards in foods and drugs.

## The Business Outlook

Labor Day in 1933 was not, as it usually is, the turning point from the dullness of summer to the activity of autumn. This year, it brought a breathing spell, after the unusual spurt from the black depths of February, and just preceding the era of code operation. . . . Remarkable strides have been made this summer. Business activity, measured by our index, increased 44%. Steel production in the last 8 months exceeds the whole of 1932's. Motor manufacturers are changing to black ink; consumers bought 13% more passenger cars than in the first 7 months of 1932. Commercial demand for electric power was 18.5% higher in July than March. Railroad traffic is 44% heavier than at the March low. . . . Threat of higher prices proved a powerful driving force. Wholesale prices are 17% higher than in February. Stock market values Sept. 1 were \$3.9 billions above Aug. 1. . . . Code regulations are troublesome novelties as yet, tending to slow down fall buying. Mill men wonder how the public will react to impending price increases. . . . Steel operations are slipping to the 40% capacity level while sales staffs digest the new price regulations. September schedules of motor production are well maintained. . . . August construction shot 28% ahead of July to the year's peak with the substantial assistance of public works.





# "Foolish- like a Fox... using Copper to make his product better"

MANY alert executives are using Copper to make their products more saleable. They are adding sales appeal out of proportion to its cost . . . sometimes at an actual saving.

Just consider these advantages of Copper and its many useful alloys: Undisputed *durability*, which means quality and assures long life. Easy *workability* . . . stamping, spinning, deep-drawing and machining qualities, all sharp-edged weapons in the fight for cost advantages. Widespread *acceptance*, whether

you sell to the public or to industry. And a *price* that represents outstanding value.

Perhaps you can better meet present conditions and further strengthen your position by a wider use of Anaconda Metals. May we place at your disposal the wealth of practical metallurgical experience gained through a century's close cooperation with industry?

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# BUSINESS WEEK

SEPTEMBER 9, 1933

## Recovery Drama

**While coal and Henry Ford hold the spotlight, NRA crowds other important acts on its stage and has 700 more codes in the wings.**

WASHINGTON — While Washington tried to keep one eye on the soft coal operators and the other on Henry Ford, the "deadline" for receipt of voluntary codes at NRA headquarters, set at Sept. 1, came and went, with hardly a ripple on the smooth-flowing stream of codes from every imaginable industry—big ones like steel, coal, and the retail stores, down to neckties, horse collars, and other haberdashery. Consolidations and eliminations left a few over 700 codes on file. Other industries had written in reasons for delay, and the dates of their letters will be applied to their codes when received. Those which have held back will be pressed to come under related industries with similar employment and selling problems, or if hearings are called by the President, as threatened, a voluntary code may be submitted as part of the evidence and have a good chance of becoming the basis for the approved code.

Coal continued to keep NRA on tenterhooks. The Tuesday meeting, which was to start the negotiations again, took place in spite of the fact that General Johnson had not gotten back from Chicago, and moved into the later days of the week with press and public awaiting the solution of the new difficulties that cropped up even after the "agreement to agree" had marked the furthest-north for peace-making in the coal industry.

### Tables Turned on Union

These difficulties arose when a mine lawyer dampened the fire that the Administration had built under the negotiators by his opinion that an agreement to employ only members of the United Mine Workers constituted a closed shop compact inadmissible under the collective bargaining clauses of NIRA. Those who listened in on the Chicago speech thought General Johnson had accepted the opinion "if that organization did not have 100% membership among employees" (page 5). President Lewis of the U.M.W., still scowling over the check-off dispute, saw nothing humorous in the comment that the closed shop issue had been neatly turned against the unions, glared at the idea of union min-

ers working alongside non-union ones. The negotiators plodded toward a new goal. The Administration kept its promise to bear down.

Henry Ford continued to hold the center of the stage, and General Johnson was early suspected of spending part of his Chicago week-end in another flying visit to Mr. Ford. The issue had become bigger than anything involved in the problem of getting another manufacturer in the automobile code line. It symbolized to NRA the whole question of how the individualistic spirit of American industry can be welded with the cooperative ideal held up in the recovery program. This alone explained the anxiety of NRA and the President for Mr. Ford's cooperation.

The law was, of course, clear, even if Washington wasn't: Mr. Ford came under the code automatically when it was approved, as a "minority member" of his industry. He could proceed to file a protest against any or all code provisions any time before Sept. 15 and get a special hearing. The date for opening his books to the administrative body under the code—which happens to be

his old enemy, the National Automobile Chamber of Commerce—was weeks away. And, under the President's power to grant relief from code provisions at discretion, he could be let out of that requirement. But he couldn't get the Blue Eagle until he signed a certificate of compliance. Thus spake the General repeatedly.

While speaking of the automobile code, he added this week that there aren't going to be any more "confusing merit clauses." The car-builders got theirs by in "an unguarded moment." Imitators must go back to Section 7, give up the search for something effective for the plant bulletin boards.

At Washington, the retail code moved steadily forward. Hours of work, store hours, the inclusion of drug stores and food stores in the general retail code, all were settled early, and the problem of retail price maintenance took the center of the stage.

### Two Months' Job Laid Out

It will take at least 2 months to hear the 700 codes which have been listed though the total may be reduced by combining industries and has happened among the 87 already heard or scheduled for hearing. This presupposes the promised organization for the mass production of codes (*BW*—Sep 2 '33), and the multiplication of hearings by better planning of the deputy groups. As it is, codes are gravitating to the best organized deputy setups, such as those of Major R. B. Paddock, Col. Robert W.



**THE MEDIATORS**—Four members of the Industrial Mediation Board, appointed by the President to arbitrate wage and work disputes, in lively conversation. Bulking large at the left, is Walter Teagle, president of Standard of New Jersey; then come Senator Wagner, chairman, and William Green, president of the A. F. of L. On the right, Louis Kirstein of Filene's.

Lea, Malcolm Muir, Dr. Earl Dean Howard, Lindsay Rogers, A. D. Whiteside, H. O. King. The organization bug is spreading, however, and the promise of rapid and effective work on codes grows brighter. Meanwhile, planning is the rule. Mr. King, handling metals, is getting his mining codes in as rapidly as possible, will set hearings on succeeding days, has hopes he may bring the metal-mining industries into one code. The Construction League code, heard this week, and threatening to split up into the component parts from which

it came, will, if possible, be held together by Mr. Muir. All the deputies are working anxiously to get all the talking and compromising possible settled before the formal hearings, making these as brief as possible. More and more testimony is submitted by brief "for the record," the hearings themselves being confined to oral presentation and questioning or eloquent speeches, as when the air transport industry hired Fiorello H. LaGuardia, mayoralty candidate for New York, to make a speech, which he did—and how.

the idea being to put on more employees. Stories got about that a business could not sell out to another, would have to go on, close up, or go through bankruptcy. The confusion is only now being cleared up.

Meanwhile, General Johnson continues to say it is impossible to get figures on compliance with PRA and efforts to obtain data regarding complaints are met with firm refusals. The fight goes on to get a 100% enrollment. Violations will not be handled, from Washington, until the whole crowd is in. The survey of the PRA situation in New York City now being made will furnish the first data gathered directly for the General. It may be extended, as a base line from which to work in carrying on the drive. Johnson talked this week of a national survey about 2 weeks hence to ascertain just how many NRA has put back to work, suggested it might be undertaken through the utility companies.

## Sniping the Blue Eagle

**Price-raising and misunderstanding stir up opposition to recovery plan—chiefly among the farmers. Better advertising would help.**

WASHINGTON—The drive for signatures of individual employers to the President's Reemployment Agreement is to go on. General Johnson hopes for a 100% sign-up, recognizes the difficulties, but is firm in his belief that this PRA plan is fundamental. Meanwhile, rumblings of discontent continue to come to Washington in vast variety.

Farmers in many sections feel that the NRA is getting ahead of the AAA, pushing up costs on their purchases faster than the increase in returns from their crops. Farmer votes have always influenced Congress more than industrial or labor union votes; rural congressmen and senators get close to their constituents, urban congressmen and senators pin their allegiance to organizations. The rural statesmen now have letters and telegrams to show General Johnson that they are in a hot spot. A very real issue has arisen here that may precipitate a congressional judgment on NRA ahead of the start of the regular session in January. And NRA may then be looking for more help from Congress—in drafting credit support for code signers, for instance.

Small retailers are also sending complaints to their congressmen, to PRA headquarters, and to the 2,000 local committees. Likewise consumers, who don't quite understand it all, and in some places (Washington among them) are getting the idea that the Blue Eagle in the window means increased prices.

### Form Replies

Two replies are on tap for the complaints about price increases. One is that of General Johnson: Until the PRA plan is working 100% there will be hardships, but those who sign are helping to hurry the general upturn that all will share when it does get working. The other is that most of the legitimate price rises are due, not to the PRA, but

to the ending of chiseling and selling at a loss, which every American should welcome.

It would be easier to say "Of course, prices are going up," and make the explanation satisfactory if the "educational campaign" which General Johnson promised, in the early days of PRA, had gotten across. But an understanding of the provisions and objectives of PRA has not penetrated to all the spots where it is needed. A vast flood of material has gone out to the local committees and was spread before the big delegation of mayors called to Washington last week. One newspaper advertisement, containing almost as much copy as a page of ordinary reading matter, was published by about 80% of the dailies of the country 2 weeks ago. But the big need is for paid space, which as the men in charge of PRA probably well know, is where business tells its story and can do a real job. Nobody has come forward to pay for the space, as patriotic business firms paid for Liberty Loan advertisements. The job has been left to NRA, and NRA had no money for it.

### Educational Copy Needed

The drive has been made in the name of General Johnson, a single individual, publicized and sold in a big way since June 16. But here was something that hit the pocketbook, worried the housewife, touched the man whose salary had not been increased. More "educational copy" was called for. Whole communities have misunderstood the regulation that store hours should not be cut down, have drawn up "local codes" making it "unpatriotic" to keep standard hours, and asked Washington to help them enforce it, when the PRA itself states that store hours should be 52 a week, and more if that was customary, but that labor should work only 40 hours—

## Scrambled Egg Code

**Because poultry-raising is mostly a side-line, the AAA faces a tough job in bringing it under control.**

CAN the Roosevelt deal help Sis Hen get better prices for her products? The Agricultural Adjustment Administration admits the need and hopes to help. Difficulties are unique.

Eggs are produced all over as a home food and a small cash sidecrop. Large poultry farms are comparatively few. On all but 600,000 of America's 6 million farms the triumphant cackle of the hen is heard. Farms with less than 200 chickens total just under 5 million. Those with 700 or more chickens number only 22,000. On all but a few farms, poultry raising is left to the farmer's wife. How could so many ladies be brought into agreement even if a plan could be evolved?

There are other puzzlers: (1) Producers can get in or out of the market in a single season, making possible considerable fluctuation in supply and price; (2) there are thousands of egg and poultry buyers scattered over the country; (3) all sorts of middlemen come between the producer and consumer; (4) plans must include cold storage supplies which are 40% to 50% greater than last year.

Unless something is done to raise egg and poultry prices, growers must suffer the injustice of paying more for feed which has been boosted by AAA activity. In the aggregate, poultry is a huge industry. The 2 billion dozen eggs sold in 1929 were valued at \$586 millions. Contemplation of these figures stiffens the determination of government poultry experts.



**BLOOD ON THE BLUE EAGLE**—Where Philadelphia policemen stand, two were killed and several injured in the first strife under the NRA emblem. Hosiery strikers, picketing the Cambria Mill (an early signer of the President's Agreement), overturned a truck carrying workers, and the trouble started.

## Labor—the Sore Point

**Compromises of the big codes which were to bring peace touch off, instead, a new series of explosions.**

WASHINGTON—The labor issue has flared up again, with new violence. NRA officials were just beginning to breathe easier, hopeful that the compromises worked out in the codes for the great industries would bring peace and cooperation for a time.

Then Dudley Cates, assistant administrator, resigned, and chose to seize the opportunity to make public his views on labor—views not new, and not the sole occasion of his resignation. He feels emphatically that neither the company union nor the A. F. of L. craft union meets the demands of NIRA. He believes a "vertical" type of union will have to evolve.

### Labor Catches Fire

As if that were a signal, the Labor Advisory Board of NRA, with William Green, president of the A. F. of L., in the chair because of the absence of Dr. Leo Wolman, launched a fiery criticism of the automobile code's provisions that the industry retains the right to hire, fire, promote, and demote, declaring this "is a revival of an ancient slander on organized labor." The board pointed out that as soon as the automobile code got through, 29 other codes quickly

wrote in similar language, and it predicted dire results therefrom.

The U. S. Chamber of Commerce jumped in at this point, President H. I. Harriman stoutly asserting that any industry "is well within its rights in expressing in its code such language as appears in the automobile code." Mr. Harriman felt that the Labor Board's statement implied that only national unions could afford the worker proper protection—in short that it should be the purpose of NRA to "force the closed shop upon all industry." He pointed out that this does not square with the statements on this subject of General Johnson.

One more complication, and not trivial—when it looked as if agreement on a coal code was imminent, an unnamed attorney for a group of operators advised his clients that a contract with the United Mine Workers to recognize that union and employ only members thereof was an obvious violation of NIRA, wherein it is provided that membership in an organization cannot be made a condition of employment. This is magnificently ironical, for that particular clause was written into the law as a

"pro-labor" weapon, directed against the company union.

In this atmosphere, General Johnson and Donald R. Richberg prepared their Labor Day speeches. The General, in his interchange of remarks with Cates, indicated pretty clearly that he was not particularly in disagreement with Cates's ideas of the eventual course labor history is likely to take, but that he didn't feel it was his job to further his own or anyone else's ideas—his job is to administer the law as written. Besides, his course, he insisted, is in agreement with a "decided policy of the President."

### Johnson on Coal Issue

Speaking in Chicago on the holiday, he met the coal issue squarely. "If an employer should make a contract with a particular organization to employ only members of that organization, especially (he added carefully) if that organization did not have 100% membership among his employees, that would in effect be a contract to interfere with his workers' freedom of choice of representatives . . . and would amount to employer coercion on these matters, which is contrary to the law."

The same day, Richberg was saying "It is the clear purpose of the Act to require recognition by those who manage industry of the undeniable fact that the chief beneficiaries and customers of industry are the workers themselves, and that their right to participate in shaping the policies of industries which vitally affect their lives cannot be denied with the sanction of a democratic government."

Meanwhile, the internal problems of the A. F. of L. do not decrease. President Green is up for reelection Oct. 2, and the policies of the federation are up for endorsement or revision. The tendency toward plant unions has been recognized and the craft divisions which have been a strong feature of the A. F. of L. for 50 years are staying in the background, but without any assurance that they will not move forward later and bring up the questions of jurisdiction which have caused many bitter battles in the past.

### McGrady For Vertical Unions

John L. Lewis, the head of the United Mine Workers, has built his organization, and his power, on the vertical union, which is the logical development of the plant unions. Edward F. McGrady, the able A. F. of L. Washington lobbyist who has been assistant administrator for labor in the NRA and is now first Assistant Secretary of Labor under Miss Perkins, is also known to favor the vertical union.

Green is generally supposed to play on the side of the craft unions, and may have to come out definitely for one side or the other before the October meeting.

Lewis is receptive to election to the



presidency of the A. F. of L., and his success or defeat on the coal code will be a determining factor, probably, in his candidacy. McGrady might be dragged back to assume Green's powerful office.

There are even rumors that Sidney Hillman might be elected. He has stood out as a realist and an organizer and negotiator ever since NRA went to work. But what a jump from the orthodox Green, to the Socialist Hillman! It is no secret that the unions in the needle trades think most of the A. F. of L. is hopelessly old-fashioned.

Such a complete reversal seems unlikely—but it is significant that the Hillman rumor could even start; it italicizes the explosive situation within the ranks of organized labor.

## Steel Sign-Up

**NRA camp-meeting staged by Steel Institute indicates that the big industry has gotten religion.**

STEEL stole a march on others in the major league of industries when it staged a grand rally at which headliners explained the workings of the steel code and extolled its present and prospective effects on the industry's prosperity so effectively that nearly 98% of the known capacity of the industry signed on the dotted line.

Leaders in the industry had observed that in other major fields where final NRA codes have been approved, considerable trouble was experienced in bringing some of the stray concerns into the fold. They decided that prompt and drastic action was needed if producers already signed up were to maintain their relative position in the market, and if the industry was to extend to the whole NRA movement the impetus that the nation has a right to expect.

The urgent telegraphic invitation, addressed to every steelmaker of record, was powerfully effective. Some 300 steel men responded and representatives of practically every one of the 160-odd companies in the field.

Small manufacturers were particularly interested in hearing about the code from Wm. A. Irvin, president of the U. S. Steel, and Eugene G. Grace, president of Bethlehem. What they said about it evidently clicked with the crowd because those who were there signed up.

Special committees were appointed to supervise the adjustments in the various operating phases made necessary by code compliance. Member plants reported that wage adjustments in conformity with the code have been completed while working shifts are being changed. Robert P. Lamont stated that despite the recent falling off of steel production to around 40% of capacity, employment has been increased substantially as the



**\$37,500,000 CONTRACT**—John F. Galvin (seated), chairman of the Port of New York Authority, signs up for the federal loan which will start another tunnel beneath the Hudson to connect midtown Manhattan with New Jersey. Standing, left to right, are E. H. Foley, Jr., assistant general counsel of the Public Works Administration; L. I. Shelley, attorney of the Port Authority; John E. Ramsey, general manager of the Port Authority, under whose general direction the tunnel will be built; Julius H. Cohen, general counsel of the Port Authority. Work on the project, long planned, begins soon.

result of the code. He estimated that on the basis of present steel output, monthly payrolls are \$5 millions higher.

Contrary to general opinion, operation under the code apparently is not going to cause any noticeable increases in quoted prices of steel products. The price committee, now at work on schedules for the balance of 1933, forecasts price bases higher on only a few, mostly minor items, otherwise approximately equal to the average that prevailed dur-

ing the 6 months prior to the code. The real difference will be the elimination of more or less secret cutting below quotations.

Spectators commented on the fact that the attitude of the steel men in this rally meeting was reminiscent of war time. They did not haggle much over terms and conditions, did not even inquire about the time limitations of the code. They signed up "for duration," be that 3 months or 3 years.

## Bid Peddling

**In an otherwise conservative code, the construction industry strikes a blow to destroy its old scourge.**

TUCKED away in the last dozen lines of the code submitted by the Construction League of the United States was a 40-word paragraph so quietly phrased as to mean little to outsiders, but packed with a great kick for every man in the construction industry. This is all it said:

"No one in the construction industry shall be party to the unfair practice commonly known throughout the country as 'Bid Peddling.' All supplemental codes before receiving the approval of the National Administrative Committee shall contain provisions to enforce this rule."

It is a longer section now—it has been rewritten to define what is meant by the term, with great explicitness and in fine

detail. But the idea is the same—bid peddling is to go, if it can be accomplished.

Bid peddling is the hoary curse of the industry; if abolished, the event will be the great high point in the history of building. Construction men want to compare it in significance with the abolition of child labor and of the sweat-shop.

They make out a case, too. Whether a hut, a skyscraper, a bridge, a highway, or a Boulder Dam was involved, somewhere in the final cost of each job was the invisible toll to bid peddling. Engineers and architects, with all their ideals and professional ethics, were powerless to stop it. Big contractors had to submit to it; subcontractors, manufacturers,

furnishers of materials regarded it as an inescapable scourge. The consumer, of course, paid the bill.

Shorn of all its refinements and complications, the practice is easy enough to describe. It is the practice of securing bids, then playing one bidder against another, more or less surreptitiously—giving high and favored bidders a chance to cut under better bids.

#### "Incurable" Disease

Numerous attempts aimed at abolition or at least partial suppression of bid peddling have been undertaken and have failed. Singularly enough, an industry that is compelled to practice the highest form of coordination in doing its work, found itself unable to muster the necessary cooperation between the many different interests to formulate and execute a coordinated campaign against the malpractice. During the 4 years of depression, bid peddling grew in every direction, forcing many contractors and manufacturers to the sweating of labor in order to meet the prices to which peddling had beaten them down.

Failure of individual concerns and small groups to stamp out bid peddling in their particular field finally forced the realization that a national and all-powerful organization would be needed. When the Construction League of the United States was formed late in 1932, its founders visioned as one of its im-

mediate objectives the suppression of what many considered the outstanding evil in the industry.

When the NIRA was enacted, leaders in the various subdivisions of the industry saw in it their long-sought opportunity for dealing the death blow to bid peddling by taking full advantage of the President's assurances that from that day on industry would have "the right to act in unison" (NRA Bulletin No. 1).

Leaders in the industry have been preparing heavy ammunition to use in carrying to a successful conclusion the fight for this master code and its death sentence to bid peddling. They recognize that at no time in the history of their industry has the time been more propitious for bringing all the different groups, factions, subdivisions, and agencies together. They are particularly anxious to create and maintain a definite and continuous tie-in with the professional branch of the industry, namely the engineers and architects.

Contractors, experienced in the execution of large projects, point out that the engineer or architect constitutes to them the final, almost judicial, authority as representative of the owner or what in other fields would be called the consumer. They argue that if, through the more intimate association that the Construction League provides, the profes-

sional branches can be induced to take a keener interest in the problems of the various other groups, much more rapid progress will be made toward lasting improvement in general conditions.

Approval of the Construction League's code will simply mark the beginning of an avalanche of related codes and a long succession of supplementary hearings. They hold it conceivable that upwards of 200 other industries and groups will want to subscribe to the basic provisions of the master code but will submit their own special code so as to obtain relief from prevailing unfair practices that are peculiar to their particular business and to gain suitable coverage for the conditions under which they must perform their work. Already 9 such sub-codes have been submitted by the general contractors, architects, master painters, electrical contractors, marble, plumbing and heating, heating and piping contractors, cement gun contractors, and building granite groups. Many others are already in work while numerous groups are awaiting the outcome of the hearings on the master code and definite information as to its final form before actually drafting their own code.

#### See Quality Improvement

Experienced estimators of construction costs predict that the strict enforcement of the provisions in the master code throughout the many branches of the industry and in connection with every construction job will have a most salutary effect upon the over-all costs of construction work. They claim that it will be of particular value in improving the quality of the workmanship on sub-contracts and result in raising the standard of materials and workmanship obtained in accessory and supplementary materials that are constructed elsewhere than on the job, moved to the job intact and become a component of the whole "product."

They suggest that each branch of the industry can well afford to set up the necessary machinery, provided under the master code, to see that all code provisions are lived up to, because the benefit of such costs will accrue to the final owners in longer-lasting products and lower maintenance costs.

#### Misleadingly Simple

The code contains the conventional provisions and paragraphs, the mandatory labor clauses, sets minimum wages (at 40¢ per hour) and specifies a maximum average of 35 working hours per week during a 6-month calendar period, with the usual exceptions for executive, administrative, supervisory, or professional workers. It is neither ponderous in size nor pompous in language and its total 4 pages of typematter build up to its 40-word climax so naturally that only the initiate would gather its significance.



THE NAVY'S "PUBLIC WORKS"—Secretary Swanson signs contracts for 12 new vessels authorized by the last Congress. Looking on, left to right, are Rear Admiral Murfin and Admiral Stanley, Chief of Operations.

## Transit, Transport

**Street railways, bus lines and air lines carry their problems to the NRA terminus.**

TRANSPORTATION temporarily took the spot-light from production last week, when NRA administrators wrestled with codes submitted by various branches of the carrier field.

Unusual among codes was that submitted by the American Transit Association. It represented the cooperation of employers and employees, and carried the endorsement of both. Although sufficiently broad to include all motor bus transportation, it is intended to cover particularly the general transit operations of the electric street railway companies.

Spokesmen for that industry explained the unusually long work-hours and low minimum wages on the ground that privately owned automobiles, unregulated taxicabs, and other uncontrolled competition had played havoc with its business, that the industry is already "in a precarious financial condition." They argued that a standard 48-hour week for trainmen, bus operators, ticket agents and other operating employees without the allowance of 6 additional working hours per week included in the code would necessitate reductions in rate of pay rather than increases. Leaders of the Amalgamated Association of Street & Railway Employees of America, recognizing the plight of the industry, urged acceptance.

### Question Bus Representation

Some of the broad definitions of the transit code raised the ire of motor bus operators who demanded that the electric railway people stick to their own field. They had their inning when the code of the National Association of Motor Bus Operators was called for hearing. Although reported to represent organizations that account for 73.5% of the revenue collected for inter-city transportation, the authority of its sponsors was challenged by several groups. Leading this opposition was the recently organized American Bus Association. Claiming to represent a large group of independent operators, this organization charged that the code-makers were dominated by the "big interests."

Shifting from its position on the transit code, labor voiced violent objections to this one, insisted that its 48-hour, \$15 wage schedules be scrapped for a maximum 40-hour week, minimum \$40 wage, with a 250-mile-a-day driving limit. Labor spokesmen also wanted hour-schedules made weekly, instead of yearly, averages so as to prevent operators from working drivers long hours during the summer rush and imposing long lay-offs in the slack season.

The question of responsibility and

public safety figured prominently in the hearing on the code for the air transport industry submitted by the Aeronautical Chamber of Commerce of America (BW—Aug 19'33). Dealing chiefly with conditions and terms of employment for the various classes of duties in air transportation this code drew the fire of those who consider the pilot of an airplane a professional and entirely outside the intent or purposes of NIRA. Fiorello H. LaGuardia, lately member of the House of Representatives and himself a licensed pilot, branded the \$250 minimum monthly wage for pilots as "disgraceful." The Pilots' Association presented a petition demanding that either they be left out of the code or that provisions be put in to fix pay on a mileage basis.

Pilot Amelia Earhart objected to Article VI of the code shutting off new competition on existing routes. She argued that this would make present routes monopolies.

With further hearings on these passenger transport codes in prospect, those interested in the general problem of transportation are awaiting notice of the forthcoming hearing on the code for the transporters of goods, the trucking industry. With negotiations for a merger with the American Highway Freight Association (BW—Aug 19'33) temporarily abandoned, the Federated Truck Association got a Blue Eagle under PRA. This puts drivers and helpers on a 48-hour week, averaged over a 3-month period, with specified long runs of various types of equipment taken as equivalent to 48 hours of service.

## Safety Cut

**Gillette finally comes down to meet the invaders.**

A STRAIGHT cut of 50% in the suggested retail prices is the Gillette Safety Razor Co.'s answer to the attack on its market that has been staged with increasing ferocity by independent blade manufacturers since the courts weakened Gillette's important patent prop (BW—May 31'33).

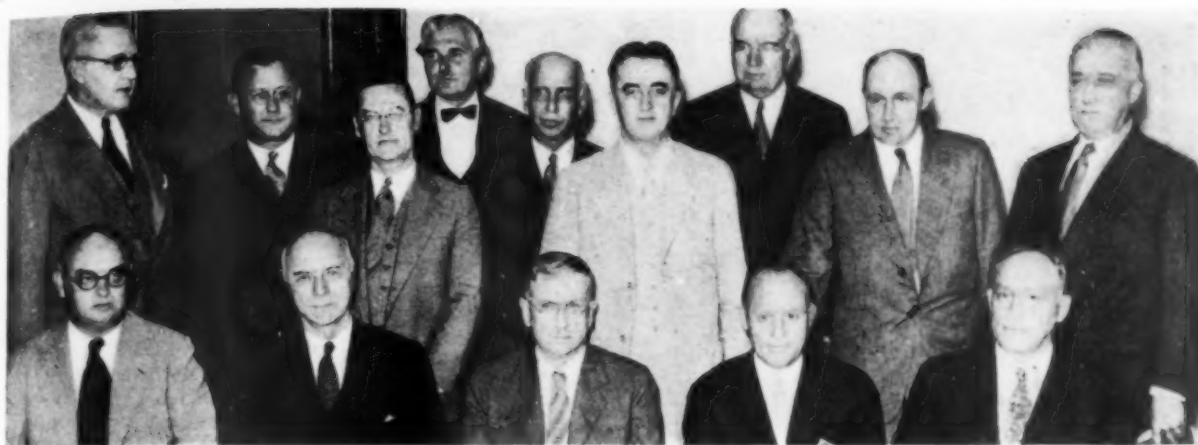
Few of the thousands of Gillette, Probak-Auto Strop rooters thought that it would ever come to this. For a while after the "Blue Bades" appeared on the market it looked as if Gillette was about to re-establish its leadership through the rigid policies under which these 10-cent blades were retailed.

However, the trend of the times was too much, even in so small a matter as razor blade prices, and thousands succumbed to the temptations of the cheaper blades. The business of independent makers is reported to have reached the formidable total of 100 million blades in 1932 out of a total of approximately 300 millions consumed. Gillette was apparently unable to hold its position, either through its subsidiary manufacturer of low-priced blades, or after it launched the Trueflex blade at 10¢ per pack of 2 (BW—Feb 15'33). Shavers wanted the company's first line or some other first line. The new prices are Gillette's answer to this expressed demand. Gillette, Probak and Auto Strop blades are to retail at 5 for 25¢, 10 for 49¢—at all retail outlets.



**AIRING THE AIR CODE**—At the hearing, left to right, seated, Lester Seymour, president of American Airways; the ever-present Mrs. Putnam, an airways officer herself; Deputy-Administrator Malcolm Muir, who presided. Standing, Mal Freeburg, Northwestern Airways pilot; David Behncke, president, Airline Pilots Association; E. H. Lee, United Air Lines pilot.





**OIL REGULATORS**—Members of the Planning and Coordination Committee meet with Secretary Ickes, new Oil Administrator, soon after their appointment. Left to right, seated, are C. F. Roeser, N. L. Benedum, Secretary Ickes, James A. Moffett, E. B. Reeser. Standing, are W. T. Holliday, Howard Bennette, R. T. Zook, C. E. Arnott, H. M. Dawes, Wirt Franklin, Amos Beaty, Donald Richberg, and Axtell J. Byles. On their way to Washington, so not in the picture, were K. R. Kingsbury and B. L. Majewski.

## Oil Under the Code

**With the Planning Committee named and production quotas allocated, the Administration starts up the oil code enforcement machinery.**

TUCKING the Interior Department firmly under his left elbow, and shifting Public Works rapidly from right hand to left, Secretary Ickes last week took on still another big job, that of Oil Administrator. Which makes him the busiest if not the speediest horse for work in Washington.

Shortly thereafter, the President named the members of the Planning and Coordination Committee, and oil men knew by whom they would be governed, were able to make a guess, after weeks of uncertainty, as to what might happen under their "blank check" code (BW—Aug 26 '33).

Of the 15 members, 3 are representatives of the NRA: James A. Moffett, who resigned the first vice-presidency of Standard of Jersey to work with the Administration; Donald Richberg, labor counsel of NRA; N. L. Benedum, oil man, friend of the President.

### Industry Representatives

The others represent the industry: Axtell J. Byles, president American Petroleum Institute; Wirt Franklin, president Independent Petroleum Association of America; R. T. Zook, president Pennsylvania Grade Crude Oil Association; Howard Bennette, Western Refiners Association; W. T. Holliday, president Standard of Ohio; E. B. Reeser, president of Barnsdall; K. R. Kingsbury, president of Standard of California; B. L. Majewski, Illinois Petroleum Marketers; Henry M. Dawes, president of Pure Oil; C. F. Roeser,

Texas Oil & Gas Conservation Association; Amos L. Beaty, Phillips Petroleum; C. E. Arnott, president of Socony-Vacuum.

Oil men see it as a good, representative crew, with price-fixing proponents perhaps in the majority. As a matter of fact, only Messrs. Arnott and Richberg, on the committee, are definitely and publicly against petroleum price-fixing, although large sections of the industry view the schemes with misgivings.

First act of the new Oil Administrator, after he had called the Planning Committee to meet, was to order production cut some 350,000 bbl. a day to a total of 2,409,700 bbl., and to allocate it among the oil-producing states.

Effects of the code have been immediate and consoling to an industry which, not long ago, was wondering where its next price rise was coming from. Production totals, though still higher than a year ago, have dropped a little; gasoline prices, though the summer motoring season is drawing to a close, have risen a little. The cash discount scheme is no more, and there are other visible evidences that the trade practice sections of the code are a welcome aid to the industry.

What will happen in price-fixing is still uncertain; Secretary Ickes called a meeting for this week with Axtell Byles as acting chairman, but it is doubtful if any immediate announcement will be forthcoming on this complex question.

The table below shows how total pro-

duction was allocated by states, compares quotas with actual production of the latest week.

State	Daily production, bbl.,	
	Daily quota, week end'g Sept. 2	Sept. 2
Arkansas .....	29,000	31,350
California .....	480,000	500,200
Kansas .....	112,000	129,500
Louisiana .....	70,000	73,750
Texas .....	975,000	1,229,500
Oklahoma .....	540,000	548,150
New Mexico .....	41,400	41,350
Rocky Mt. States...	38,900	38,050
Appalachian States..	94,200	99,050
Michigan .....	30,000	31,000
	2,409,700	2,721,400

## Rent-a-Picture

**If you can't buy a painting, you can rent one, help artists.**

THE circulating library where readers may rent books has long been in use. Now the idea is to be applied to art. Beginning this fall the College Art Association, New York, will start its "rent-a-picture library." Art lovers may not be able to hire Rembrandts, but they may temporarily adorn their walls with the works of contemporaries. Patrons must join; membership fees probably will range from \$1 to \$30. More valuable works will be available to those who pay most. Such members may take out a dozen paintings a year, keeping designated ones for 3-month periods.

The experiment is the result of suggestions made by artists whose income has been cut by the depression. A spokesman declares that the scheme will have to pay its way—also pay back the \$500 advanced for the test.



**OUTWARD BOUND**—John C. Turrell, director of the Sanforizing Division of Cluett, Peabody, and Sanford L. Cluett, vice-president, leave on the Bremen. Maybe, on their European tour, they will investigate the market for colored shirts in the foreign fascist trade.

## Stockholders Rebel

**Two of Chicago's proudest companies discover the holder of common has developed a raucous voice.**

THE proverbially docile American stockholder formerly kicked himself or protested to an indifferent heaven when dividends dried up. But he is learning to organize in order to deliver effective cooperative kicks against management. Just now this fact is being impressed on two of Chicago's big concerns.

A tumultuous rebellion among owners of common stocks recently blocked a plan for the financial reorganization of Armour & Co. Soon afterward holders of Montgomery Ward & Co. securities incorporated under a state charter, started a bombardment of the management, announced a determination to revise policies and elect directors "qualified by actual experience in mail order, retail merchandising and manufacturing." Both bands of rebels were led by holders of large blocks who know their way through the intricacies of corporate procedure.

### Banking Management Under Fire

At the far end of one warpath are Sewell L. Avery, chairman and president of Ward's, and the dominating directors who represent Morgan & Co., First National Bank of New York, and other financial houses. Organizing stockholders are loudly dissatisfied with the performance of the new régime. They charge that promised improvement in earnings failed to materialize dividends.

To a long list of biting charges, the

management contents itself with the mild retort that it is now making a better showing and that weaknesses complained of are holdovers from previous executives. Upon its face, the showing of the first half-year is nothing to cheer. Net loss to Aug. 1 this year was \$3,479,000, against a net loss of \$3,588,000 in 1932. Sales for the same period were \$81,782,000 this year against \$83,002,000 last. However, the management cites as proof of improvement a decline in the rate of the loss during the later months. Such argument was insufficient to forestall incorporation of Montgomery Ward Stockholders Association.

The organization is backed by Joseph Zook, San Francisco capitalist, Donald K. Chadbourne, and Anthony J. Bemis, the last 2 of Chicago. Mr. Zook, the president, speaks emphatically and to the point. He claims to know the business up and down and sideways, having worked his way from a minor position with Ward to the position of treasurer and director of the company. In 1920 he resigned, went to California where he was active in financial, real estate, and association activities. Mr. Zook organized Owl Drug stockholders who obtained a \$1 million settlement in a suit for \$15 millions against Drug, Inc.

This background gives added punch to the Zook attack on Ward officials. He points out that Sears, Roebuck &

Co. is the company's only comparable competitor. Ward is directed by "investment bankers and others unversed in the mail order field"; Sears is administered by experts in this line. He contrasts the past 3½ years of the two concerns—"Sears operating profits were \$33,500,000. Ward's operating and store losses were \$21 million." Mr. Zook believes the trouble is traceable to establishing retail stores which compete with the original mail order activities. The association will enable "stockholders to choose experienced men to act for them on the board." It claims enough votes now to elect one director.

### Part of the Aftermath

Neutrals feel that the war party might have been more generous by admitting old difficulties with which the new management had to wrestle. Important among them was the dizzy scramble for retail stores which ended with Ward operating some 550 locations.

In the case of Ward it is an opening skirmish; in the case of Armour, attacking stockholders won the first battle. T. G. Lee, Armour president, and his allies sought to revise the topheavy capitalization of the concern. Objectors asserted that the plan gave too great a break to preferred stockholders, penalizing the A and B common. They cited the leap of preferred quotations from \$7 to \$93 a share while the plan was being discussed. Back dividends of \$17 were due each preferred share. The proposal was to wipe out all 3 classes and substitute a single class of common. Each preferred share was to get 7½ shares of the new issue. But to acquire 1 of the new shares, 6 shares of A common would have been required, and 12 shares of B common. (Common shareholders also were offered warrants entitling them to buy the new shares.) Under the old setup, common stockholders held 88% control; under the new plan the common percentage would have been 11%.

### A Newspaper War

Common holders organized with the backing of F. H. Prince, Boston financier who has been litigating with Armour, and others. Newspaper space was bought and used to lambaste the proposal. In the face of the uproar the management withdrew the plan. The foremost reason given was opposition by "a substantial number of stockholders." More important than that was another consideration. A new Illinois law (which became operative the day before notice of the meeting was sent out) gave the stockholders the right to demand a fair value for their holdings which the company would have had to pay in cash. That would have made a deep dent in cash reserves.

In a farewell slap at the Armour management, the triumphant committee chided officials for not telling stockholders of the new law.

# 1/2-TON to 7 1/2-TON

## What size truck does your job require?



During these first thirty-three years of the dynamic Twentieth Century, International Trucks have set an inspiring example to Progress. They have not only kept pace with the changing world; they have pioneered since 1899.

International Harvester automotive engineers have campaigned untiringly against every new hauling problem that conditions have presented. Year after year they have built their findings into better trucks. Year by year their trucks have built a reputation that has grown priceless with advancing time, and this reputation in turn has built a phenomenal record of sales and success.

International Trucks go forth today with new beauty and performance of which new and old owners will be proud. They are as fine underneath as they are pleasing to the eye. Thanks to farsighted policy they are *engineered for the job*, whatever the job may be.

**INTERNATIONAL HARVESTER COMPANY**  
606 S. Michigan Ave. OF AMERICA (INCORPORATED) Chicago, Illinois



**The Queen of the World's Fair and the King of the Highway**  
MISS LILLIAN ANDERSON, Queen of A Century of Progress Exposition, Chicago, is shown in these actual photographs of the smallest and largest International Trucks. The 6-cylinder 1/2-ton Model D-1, shown at the top, may be had with either panel or pick-up body; chassis \$360, f. o. b. factory. The 6-cylinder 7 1/2-ton Model A-8 is built for heavy dump work and trailer service. Full range of sizes available between these two.

# INTERNATIONAL TRUCKS



# Detroit's Dirty Linen

## Grand jury investigation of banking methods in the motor city kills all prospects of reopening old banks.

OUT of the maze of contradictory testimony in the open grand jury investigation of Detroit's closed banks, one indisputable conclusion can be drawn—the way not to reopen closed banks is to wash their soiled linen before the eyes of depositors.

Two months ago, Detroiters were convinced that their banks had been the victims of Wall Street machinations, of a duel to the death between Henry Ford and the other motor car giants, of a hard-boiled Washington attitude. Now, after hearing the witnesses, they come back to their first impression—that a collapse was inevitable and, after all, the bank officials were responsible for it.

### Enter the Politicians

The bank drama has not been without its touch of politics and demagoguery. Senators Couzens and Vandenberg, Judge Arthur Lacey, Judge William Connolly, ex-Governor Groesbeck, Father Charles E. Coughlin (all of whom were on the stand) have their political fences to build or repair. Even the presiding Judge, Harry Keidan, is accused of keeping one eye cocked on the front page, attempting to convey the impression of being the people's champion. Yet certain facts were presented making it well-nigh impossible to reorganize the old banks.

National bank examiners found the banks in a precarious condition in June, 1932, again in November, 1932, yet they were permitted to remain open. The First National had \$70 millions in slow assets, \$54 millions in doubtful assets, \$49 millions in losses in June of last year, but the bank was asked to write off losses of only \$8½ millions. If it had written off all its losses, it would have been insolvent, said Senator Couzens, who charged the Hoover Administration with having nursed along prostrate banks hoping against hope that "recovery was just around the corner." What is more, he intimated that Mr. Hoover was anxious to avoid a major banking disaster in the midst of a Presidential campaign.

### Loans to Directors

When it closed its doors Feb. 13, the First National had outstanding loans to its officers and directors, including loans to companies in which directors were interested, of \$22,190,924. A large portion seems lost for good. The First National was holding 250,000 shares of Detroit Bankers stock (holding company) and the Guardian National Bank of Commerce 149,000 shares of Guardian Union Group stock (also holding company) as collateral on loans. Loans

under-collateralized were not called, for fear that forcing of stock sales would result in a market crash; this was particularly true of stock of holding companies.

Said the bank examiner, in a confidential report to Washington in 1932 on the First National: "The freedom with which the bank passed out money for real estate and stock speculation is incomprehensible. Most every loan depends either on real estate or an upturn in the automobile industry, and the real estate situation depends on the latter. The present picture portrays an effort to collect loans representing speculation in the 7th degree at a time of effervescent security. . . . It would not be surprising to see a large shortage turn up in this bank because of the unwieldy condition, and the fact that the executives are weak and unqualified for their positions. . . . The bank has too many officers trained as fair-weather bankers, unable to anticipate trouble in a loan."

Donald Sweeny, First National's ex-president, testified that the decline in bank deposits throughout the United States from October, 1929, to February, 1933, was 24%, but in Detroit, 30%; that his bank was 24% liquid at the time of the holiday; that it made an operating profit of \$7,200,000 in 1932,

was headed toward a profit of \$10 millions this year, has been for years one of the best money makers among American banks.

All the testimony is not in, the investigation promises to drag along endlessly, but from the intermingling of facts and personal opinions can be drawn certain inescapable conclusions having a familiar ring.

Said Couzens: "The primary responsibility for the collapse of the banks was the orgy of consolidations, the building of fictitious values, and the creation of one holding company upon another. I know of no other city in the world where there was such an orgy of pyramiding of corporations and fixing of fictitious values and earnings."

### Treasury Holds Aloof

The United States Treasury Department has held aloof from the inquiry, has consistently refused to open its records for inspection or allow its officials to testify. J. F. T. O'Connor, federal comptroller, has laid down the rule that it is necessary that the work of the grand jury be concluded and his department be in possession of its findings before any further move is made to establish a new bank, stating that otherwise the findings of the grand jury "might seriously impair its efficiency, even destroy its usefulness."

The investigation was interrupted long enough in July, at Washington's request, to set up a second large Detroit bank, the Manufacturers National Bank. The merger of 4 banks in Highland Park and Dearborn provided the



DETROIT BANK WASHUP—Once convinced that local bank troubles were the result of outside influences, Detroiters now guess the closings were inevitable. Left to right, the prominent figures in the investigation: Prosecutor Harry Toy, Judge Harry Keidan, the one-man grand jury, and Senator James Couzens.

nucleus. Two of the banks, the Highland Park State Bank and the Dearborn State Bank, have long been known as Ford banks. It provides banking facilities for the Fords apart from the General Motors-sponsored National Bank.

In its short existence of 5 months the National Bank of Detroit has grown to the 27th largest bank in the country, with deposits exceeding \$155 millions. However, its ultra-conservative loaning policy, its insistence upon all services being put on a paying basis has led to its being dubbed the "5-and-10-cent" bank. Conservative bankers regard present banks as adequate for Detroit's present needs, but say if industry's pace were greatly accelerated, more would have to be established.

#### A Plan that Languishes

The R.F.C. has made available for a settlement of Detroit's banking problem \$75 millions. Recently it was proposed that the First National Bank-Detroit be reorganized and merged with the National Bank of Detroit, that a \$90 millions (25%) payoff of old depositors be made, that \$180 millions in slow assets go into trusteeship for careful liquidation. This plan is languishing, is said to have slight chance of adoption.

A depositors' committee headed by ex-Police Commissioner James Watkins has presented to the Treasury Department at Washington a petition bearing signatures of 205,757 depositors asking the government to submit a plan of reorganization. Critics point out that Watkins has the cart before the horse; what is needed is agreement by Detroit and then submission to Washington.

The average Detroiters watches the bank drama cynically, admits it is a good show, but keeps his purse tightly clutched in his hand to make sure no banker grabs it. A large percentage of the former 800,000 depositors are conducting their affairs without benefit of banks. They know that even if the R.F.C. has subscribed to preferred bank stock, that is no assurance the bank will not fail. At Battle Creek, the leading bank between Detroit and Chicago closed after the banking holiday.

#### Hard-Boiled Detroit

This makes tough going for the new banks and for the small older banks not touched by the failure of the bigger institutions. They are compelled to maintain an unusually high degree of liquidity, are constantly mindful of the public's general attitude of distrust.

Of one thing Detroiters are convinced—any attempt to salvage the wrecks of the old banks through reorganization has been destroyed by the grand jury inquiry. Further payoffs of indeterminate amounts are certain, but reorganization is impossible. And the assertion of Groesbeck and Connolly that depositors eventually will get 100% stirs derisive laughter.

## INDUSTRIAL CLASSIC

### Edwin C. Hill tells dramatic "inside" story of PRE-FORMED Wire Rope in sound film

"I have seen wire rope everywhere for years," stated Mr. Edwin C. Hill, famous radio and newspaper star reporter, "and just to look at it never gave me the slightest clue of the growth and development behind its manufacture. That wire rope could be made by a special pre-formed process to lengthen its life to an astonishing extent was NEWS, big news to me—filled with drama and human interest."

Inspired by the dramatic possibilities of the "inside" story of Pre-formed Wire Rope . . . this announcer, known to millions, has completed a sound picture which many who have seen the first showing say is an industrial classic . . . interesting gripping, revelational . . . as only Mr. Hill's colorful, inimitable style can make it.

#### Shows why savings are possible.

It is the complete story of how wires and strands of wire rope and cable are pre-formed in their manufacture to take the helical shape of the rope, thus eliminating the costly destructive stresses which cut down the life of ordinary wire rope. Of utmost significance in this sound picture is the presentation of the actual pre-forming principle at work in shop, factory, mine, construction project and elsewhere . . . saving untold thousands of dollars in the industrial expenditures of the nation.

By special arrangement copies of this sound picture entitled "Pre-formed Performance" will soon be available at the various headquar-



**BIG NEWS**—Edwin C. Hill finds new manufacturing process of PRE-FORMED Wire Rope saving thousands of dollars for wire rope users.

ters and branch offices of the manufacturers of Pre-formed Wire Rope. Arrangements have also been completed to offer a free showing of this remarkable production at your place of business. The Visomatic Sound Picture Projector which accompanies the picture can be set up in a few moments in any office or factory, at no inconvenience to you. You and those members of your organization who are vitally interested in *maintenance economy* will want to see this sound picture immediately. Appointments are being made now for the coming thirty days. For a showing of Edwin C. Hill's sound picture, Pre-formed Performance, we suggest that you write today to Visomatic Systems, Inc., 292 Madison Ave., New York, N. Y. There is absolutely no obligation on your part.



**CORN BELT COMBINE**—It goes through narrow gates, works in small fields, has only a 5-foot cut. But it harvests as many acres a day as machines double its size, weight, and price. Low pressure tires account for its success.

## Baby Combine

**Air tires make possible mechanized harvesting on the small farm with a combine twice as fast at half the price.**

IT is the vast and ocean-like wheat fields which get into the movies and the rotogravures, but much of the wheat and most of the other grains come from acreage more pond-like and not at all vast.

The average farm, as a matter of fact, is a small farm. The number of acres has been rising since 1870, but it now stands at only 156.9. And of the 6,288,648 farms in this country, over 3½ million are under 100 acres.

For the average farmer, especially for those in the Middle West, Allis-Chalmers has engineered a baby combine which makes it possible for him to reap the benefits of mechanized operation. It is fast, low-priced, cheap to operate. It replaces the binder and the stationary thresher and the system whereby the farmer maintains a binder, costing about \$250, membership in a threshing ring, and spends weeks in harvesting his grain because he must wait his turn and exchange work with his neighbors.

Attempts have been made before to cash in on this largest farm implement market. Once before, the same company experimented with a baby combine (mentioned in *Business Week* at the

time) which worked out well on certain crops under favorable conditions, but which never got past the field tests into regular production and sales.

This experimental combine, had it lived, would probably have sold around \$800, remarkably low for the job it was planned to do. With this as background, consider the new machine, successful in the tests, now in production, and selling for the much more remarkable price of \$495. Conventional combines start at \$1,000.

The low price, like the combine itself, rests on the low pressure air tires which make possible a lighter construction, and a higher speed in use. Usual combines weigh 6,000 to 11,000 lb., the baby weighs only 2,400 lb. The higher speed means the baby can do almost as much work in the same time as far bigger and more expensive machines.

Mechanical details mean little; what is important is the fresh approach after many failures, and the results. The new machine separates grain and straw efficiently, saves the straw for feed and bedding, needs no auxiliary engine, is powered by the tractor which pulls it, from the regular power take-off.

Air tires need half the power required to pull the combine on steel rims, made possible the many innovations. Cutting a 5-foot swath at 5 miles an hour, the Corn Belt Combine harvests and threshes 30 acres of wheat, oats, soy beans, or similar crops in a day. It maneuvers easily in fields where its bigger brothers could hardly turn around. One man, driving the tractor, handles the whole thing.

## U. S. Housing Policy

**Public Works Administration is putting its best foot forward in its housing program. While urging slum clearance for the long term, it is also pushing quick apartment projects.**

IN handling housing projects, the Public Works Administration has exhibited much greater capacity for action than on any other phase of its program. With Robert D. Kohn, former president of the American Institute of Architects, in charge of the Housing Division, the PWA also has arrived at a definite policy. Neither the federal government nor the R.F.C. ever before had a discernible policy on housing.

The keynote of the policy is to favor projects that represent a low ratio of land cost to the cost of labor and materials. The value of the land will be considered on the basis of earnings that may be reasonably anticipated from its use for low-cost housing. Potential future speculative value, or "nuisance value," as Mr. Kohn calls it, will not be recognized. This eliminates property valued at \$18 a foot; even \$10 is high, and \$1 or \$2 is plenty, according to the head of the Housing Division.

The PWA invites projects contemplating construction of low buildings on this low-cost land. This doesn't mean that a 6-, 7- or 8-story elevator building will not be approved, but 12- and 15-story buildings are out.

"We'll have to compromise between what we'd like to get and what is ready to go ahead, but that doesn't mean," says Mr. Kohn, "that we'll compromise to the extent of building new 'vertical slums'."

The Housing Division's ideal is a large area in which 2- or 3-story buildings can be laid out on a town plan with streets running where they should. The Neptune Gardens project in East Boston is an example. This project embraces 44 acres which are gradually being "blighted." The PWA has tentatively approved a loan of \$3.5 millions to a limited dividend corporation for the construction of 700 residential units, totaling 3,170 rooms in brick 2-story houses, 2-family houses, and 3-story apartment buildings covering 17% of the land. The rent will be \$8.50 per



room on the basis of 4% interest on the loan by PWA.

Neptune Gardens is ready to go but, because most projects of this kind involve time for the accumulation of land, the PWA's program also includes projects of the apartment-house type. On one at Woodside in Queens Borough of New York City a loan of \$3,210,000 has been tentatively approved, as has a loan of \$2,025,000 on the Spence Estate Housing Corp. project in Brooklyn, N. Y. The Woodside project consists of 10 6-story elevator apartment buildings providing 1,632 units totaling 5,644 rooms to rent for about \$11 a month per room. The Brooklyn project is of a 6-story elevator building with 508 apartments and a total of 2,150 rooms to rent under \$11. There is nothing novel in either of these projects, but it is decent housing and represents the compromise necessary to get the housing construction program started this fall.

#### Two-Point Program

To every city that is interested in low-cost housing, Mr. Kohn suggests a 2-point program: (1) Work out a slum-clearance project. It may take months to accumulate the property if speculative holdups are to be avoided, so (2) at the same time, acquire individual plots—that may be scattered in or around the city—which are suitable for the apartment house type of project and can be undertaken almost immediately.

Mr. Kohn reports that several cities now are following up both leads. The PWA has tentatively approved loans on 5 housing projects totaling \$9,620,000; 60 more are under consideration. The Housing Division is working hard and fast to make this phase of the public works program contribute to the relief of unemployment this winter, but it is also looking towards next spring. Its 2-point or "compromise" policy is designed to meet this situation.

Fireproof construction is preferred because it prolongs the useful life of the property. To encourage such construction applicants for loans are offered an amortization rate of 1.35% as compared with 2.4% on ordinary construction.

#### Weighs Recapture Plan

The Housing Division is considering a recapture clause with reference to large projects in order to cope with potential increases in land value that might lead to dissipation of the property. It believes that federal, state or municipal governments would be given the right to buy out the stockholders or debenture holders who have invested in the equity at some time when such action would best protect the tenants and preserve the future use of the property as a whole for its most suitable purpose.

THE BEST BOND AND LEDGER PAPERS ARE MADE FROM RAGS

## They called him DON QUIXOTE



• Time and again in the heat of his figuring, he would poke his sharp pencil through the sheet and spoil an hour's work. For he used cheap paper over the yielding surface of a desk blotter. So his associates in the accounting department dubbed him Don Quixote—said he tilted at work-sheets in the absence of wind-mills. • Stonewall or Resolute Ledger would have spared his embarrassment and increased his efficiency. For these papers, with a generous content of tough rag fibre, are built for endurance and speed. They take pen writing smoothly and erasures without blemish. They withstand the hammering of bookkeeping machines and the ravages of time. They come in white, buff and blue. Interesting specimen portfolios will be sent upon request. Neenah Paper Company, Neenah, Wisconsin.

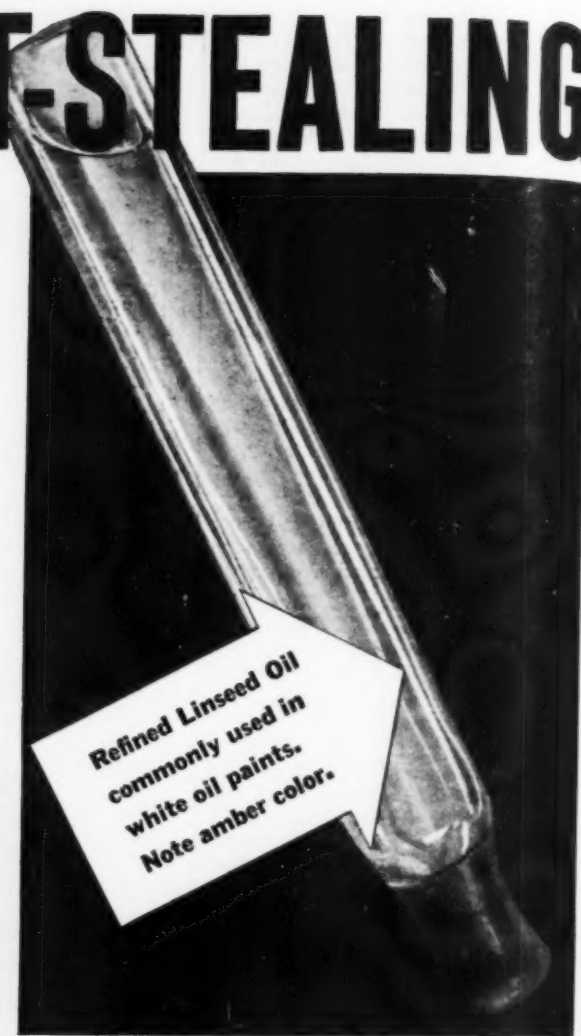
**STONEWALL** *Ledger*   
**RESOLUTE** *Ledger*

Neenah guaranteed papers also include Prestige and Putnam Ledgers and the following Bonds: Old Council Tree, Success, Conference, Chieftain, Neenah and Glacier Bonds. Each of these grades is shop-tested for printing performance and represents a high value in its price range. Samples will be sent on request.

IDENTIFY RAG-CONTENT QUALITY BY THE NEENAH OWL WATERMARK

# THIS LIGHT-STEALING

**Exclusive "Rice Process"**  
prevents premature white  
paint "yellowing"...  
Insures lastingly white,  
continuously high,  
light-reflecting ceilings  
and walls



Refined Linseed Oil  
commonly used in  
white oil paints.  
Note amber color.

**THE VIAL ABOVE** contains refined linseed oil commonly used in white oil paints. The yellow color of this linseed oil disappears when the oil is properly mixed with white pigments. The white paint it makes *looks* white. But don't be fooled. The "yellow" is still there. Sooner or later it will appear upon your painted ceilings and walls.



The same refined  
linseed oil after  
"Rice Processing."  
Practically colorless.

**THIS IS HOW** the same highly refined linseed oil, as contained in the first tube, appears after it has been treated by the "Rice Process." It is almost pure white. This "Rice Processed" linseed oil is the principal reason why Barreled Sunlight remains white, year after year. This process, furthermore, gives Barreled Sunlight its great paint-saving hiding power, its remarkable time- and labor-saving ease of flow.

A PAINT BRUSH TODAY...



...A SPONGE TOMORROW

A plant painted with Barreled Sunlight spends little money on maintenance. This amazingly smooth, non-porous white paint resists dirt... is as easy to wash as tile. Soap and water carry on the job of maintenance. And there's no need to repaint to overcome dingy yellowed ceilings and walls. Barreled Sunlight remains cleaner, whiter, year after year.

# YELLOW BANISHED AT ITS SOURCE

How really white can a white paint be when its base is yellow linseed oil? How long will it even look white when this yellow color creeps out of the paint . . . spreads over your ceilings and walls?

There's no getting around this fact — *paints made with ordinary linseed oil . . . yellow oil . . . will not, cannot remain white for any great length of time.*

Soon these ordinary white paints become dull, dingy, *yellowed*. Reflected light diminishes, plant efficiency suffers, production costs go up.

## We Take Out the Yellow

No ordinary linseed oil ever gets into a can of Interior Barreled Sunlight.

The noted "Rice Process" takes care of that! Refined linseed oil, treated by this exclusive process, loses its yellow coloring . . . becomes almost pure white.

## Remains White Longest

Naturally, the white paint made with "Rice Processed" linseed oil stands little chance of becoming yellow upon your plant ceilings and walls. There's no yellow in the paint to come out! In fact, we maintain that Interior Barreled Sunlight will remain white longer than any other oil-gloss paint or enamel! (See statement below.)

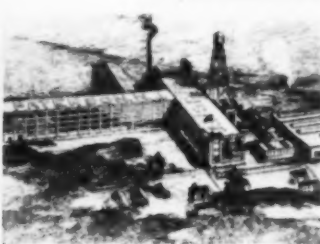
Today you simply

cannot afford to risk your money on white paints that turn yellow . . . that sooner or later begin absorbing valuable light as a sponge does water. Neither can you afford the frequent repainting that is the *only* remedy for yellowed white paint.

For further information, write for the booklet, "More Light and Lasting Cleanliness." U. S. Gutta Percha Paint Company, 1-K Dudley Street, Providence, R. I. Branches or distributors in all principal cities. (For Pacific Coast, W. P. Fuller & Co.)

WM. WRIGLEY, JR. COMPANY, Chicago, makers of the famous Wrigley's chewing gum, say of Barreled Sunlight, "... withstand repeated washings . . . hold its whiteness, we consider of first importance . . . we have standardized on its use."

WRIGHT AERONAUTICAL CORP., Paterson, N. J., manufacturers of aviation engines, with 680,000 square feet of their plant painted with Barreled Sunlight say, "... perfect white color . . . covering qualities . . . maximum light reflection . . . these advantages represent an ultimate economy . . ."



## YOUR SURETY . . .

We maintain that Interior Barreled Sunlight, the "Rice Process" White, will remain white longer than any oil-gloss paint or enamel, domestic or foreign, applied under the same normal service conditions and according to our specifications. If it does not do so, we will give, free, enough Barreled Sunlight to repaint the job.

**Remains White.. Reflects  
Light LONGEST**



# Farm Buying Power

**Sales records in the agricultural sections show that the farmer is spending more. Price figures, still better than last year, furnish a reason.**

EVIDENCE of increased spending on the farm is beginning to get more attention as the belated seasonal decline and suspicions of overproduction push down the curve of industrial business activity. The Corn Research Foundation has estimated that the farm income will be \$700 millions higher this year. The Agricultural Adjustment Administration says, "\$2 billions higher." These guesses can't be checked until the end of the year, but there are figures to show that the farmer already has more money.

Department store sales in the Texas cotton country reached a July total 13.6% over the 1932 level. In the St. Louis region they went up 15%, in the Atlanta territory, 5%. In the Northwest, where the farmers' July cash income is estimated at \$27 millions against \$16 millions a year ago, July department store sales, taking the normal seasonal slide from June figures, were still much higher than in 1932.

## Comparatively Good

While farm prices slid off last month, they were much more satisfactory than in the previous August. Cotton bought 8.8¢ at the farm against 10.6¢ in July, but against 6.5¢ in August, '32. Corn at the farm dropped from 55¢ in July to 48.8¢ in August, but it brought only 30.2¢ a year ago. Wheat at 74.4¢ contrasted with 68.9¢ in July, but with 38.5¢ twelve months earlier. Potatoes at \$1.31 bettered both the July price (98¢) and the quotation in August, '32, when they brought only 51¢.

Livestock hasn't done as well. Hogs, bringing \$3.79 a hundred in August, were \$3.98 in July and \$4.06 in August, '32. Beef, lamb and veal slipped in the same way. Eggs brought 13¢ against 14¢ last year. Butter, however, made 20¢ against 19¢ a year ago. The corn-hog ratio continues to keep farmers calculating. Usually they figure that it requires 10 bu. of corn to buy 100 lb. of pork. In August the relationship was 7.8 bu. of corn for 100 lb. of pork; either pork is too low or corn too high.

Discussion of wheat prospects centers around the new international wheat agreement (*BW*—Sep 2'33), our part of which is to export only 47 million bushels. The lead which we have taken in the international agricultural picture is fading out. The sturdy farmer in overalls pitching his bundles of wheat has always been an important international figure. Now he acquires merit not through his exports but through his ability to control production.

Meanwhile, the farm hired man—there are about 2 million of him—isn't doing so well. Farm labor, without benefit of NIRA, commands an average of \$17.50 a month plus "bed and board," about the same as a year ago. You can get nearly twice as much by joining the forest army.

In many lines, the Agricultural Adjustment Administration continues to press its program. Secretary Wallace has been holding meetings with growers of flue-cured tobacco and has announced a program which includes benefit payments in return for promises to reduce the crop next year. Similar programs are contemplated for burley and dark air-cured types.

In order to raise the money to pay farmers, a 4¢ processing tax is to be levied on all tobacco processed for domestic consumption. This tax is expected to yield about \$10 million dollars and would be used to cut 1934 production down to consumption requirements, probably about 15%.

Tobacco markets in the Carolinas have closed for a market holiday until growers are assured of better prices for their crops. Tobacco has been bringing from 10¢ to 12¢ per lb., which farmers contend is below the cost of production.



**CODE POLICEMAN**—George Carlson, chief of the newly organized licensing and enforcement section of the Agricultural Adjustment Administration which is charged with enforcement of trade agreements and codes.

At a stormy meeting in Raleigh, N. C., 2,000 angry farmers demanded that the figure be raised to 20¢.

## What Is "Truth in Securities"?

**Actual operation of the Securities Act brings a flock of questions to the Federal Trade Commission, a pack of worries to investment houses.**

ONLY 155 security issues, with a fee-paid total of \$183 millions, have been filed with the Federal Trade Commission since its register was opened July 7. The average of \$3.2 millions a day indicates that the financial community is wary concerning the Federal Securities Act and is proceeding gingerly, aside from the fact that private financing may be deterred by the federal government's monopoly of credit.

The enforced lapse of 20 days between the filing of the registration statement and marketing of the issue seems to be causing more worry than any other feature of the law to compel truth-in-securities. This leaves the underwriter who has purchased an issue at a fixed price holding the bag for 3 weeks in which untoward events may seriously

affect the marketability of his securities. A change in present practice in floating the issue of securities seems to be the remedy for the investment banker, but if he refuses to make a final commitment the issuer may well hesitate to take the chance in times such as these.

The commission is adapting the law and regulations to meet special conditions as they arise. A special registration form has been prepared for fixed management investment trusts which do not have a board of directors. It contains 77 questions, 51 of which are directed to information concerning the trust itself. Special rules concerning the subject-matter of the prospectuses of such trusts also have been issued. Registration of certificates of deposit issued in connection with reorganization of a com-

pany, and of new securities issued to complete such reorganization are covered by forms.

But at best, the requirements of the law and regulations do not allow much latitude for making a prospectus that is attractive and good sales material for the issue.

During the short period that the law has been in operation, the commission has issued 4 stop orders suspending the effectiveness of registration statements until amended. In one case, it issued an order refusing registration until supplementary information was furnished. Several companies have withdrawn registration statements that were not satisfactory to the commission.

#### Job for Experts

A corps of attorneys and accountants sitting in little cubicles are boning on questions that have poured in to the commission during the past 2 months. Securities issued by a political subdivision are exempt, but what is a political subdivision? It depends on what state you are talking about. Definitions vary. The commission thinks it has found the broad answer in assuming that any security exempt from taxation by the federal government is exempt from this act.

The exemption also includes securities issued by the public instrumentality of a state exercising an essential government function. Already the question has been put to the commission whether the law applies to a system of liquor control in which the state is the manager of a privately-owned corporation. The commission's answer probably will be yes.

Here's another. May an intrastate offering of securities be advertised in the newspapers without running afoul of the federal law which applies to interstate offer, advertisement, and sale? The inquirer probably need not worry, particularly if he satisfies any qualm of conscience by stating in his advertisement that sale of the security is limited to residents of the state.

## Exposition Train

THE French Ministry of Commerce recently organized an "exposition train." When bids for space were closed, 19 cars were needed to accommodate the exhibits. Eighteen of these coaches were devoted to goods essentially manufactured in France. One coach was devoted entirely to machinery manufactured in Britain.

Americans who visited the train noticed that one of the outstanding displays was from the French branch of a prominent American scales manufacturing firm. American carbon paper and typewriter ribbons were exhibited by the French office of an American manufacturer.

**TO MEET  
TODAY'S DEMAND**  
for the faster production of  
**COMPLETE, ACCURATE  
TIMELY STATISTICS**

**BURROUGHS**  
offers

#### FOR COST AND PRODUCTION RECORDS

Newly designed Burroughs machines—computing by high-speed direct multiplication—automatically accumulate multiple totals of hours, pieces, amounts. This greatly simplifies handling labor, material, and overhead figures, whether by job cost, standard cost, process cost, or any other plan.

#### FOR SALES ANALYSES

New Burroughs machines for analyzing sales by departments or commodities; by territories; by kind or size of containers or packages; with taxes, exemptions, deductions. Usually only one handling of the original record is required. Cost of sales computed quickly and easily.

#### FOR PAYROLL, TIMEKEEPING AND LABOR STATISTICS

New Burroughs machines compute earnings and, in one operation, prepare all records, including employees' earnings, payroll sheet, pay check or pay envelope. They automatically accumulate such labor statistics as hours, earnings, various deductions, and net pay for any desired period as a by-product.

#### FOR GENERAL STATISTICS

Newly designed Burroughs machines—with an especially high-speed computing mechanism—that calculate percentages; that pro-rate overhead and other expenses; that calculate cost per unit and provide other similar figures and statistics.

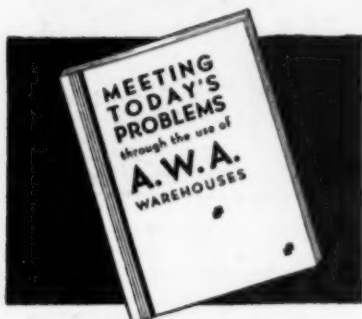
These new Burroughs machines and features meet today's need for accounting equipment that will simplify, speed up, and cut the cost of handling every kind of accounting, including complete, up-to-date statistics. Investigate these new Burroughs developments. Telephone the local Burroughs representative, or write Burroughs Adding Machine Co., Detroit, Mich.



**Burroughs**



## As Business Improves, Keep Distribution Costs in Hand by using the A.W.A. PLAN!



With business generally moving upward ... with the government's three-billion-dollar public works program exerting a lift ... with new jobs created and new purchasing power in action, the volume of goods moving from producer to consumer is increasing.

But beware of increased distribution costs—in serving these suddenly-created markets!

You don't need to establish branch warehouses to serve new territory. With the A.W.A. Plan, you can have all the advantages of expert branch house organization—yet confine your expenses to the actual volume of goods moving.

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Full details of the A. W. A. Plan of Distribution are contained in our 32-page booklet, sent free on request. Write today for your copy.



**AMERICAN WAREHOUSEMEN'S ASSOCIATION**

2088 Adams-Franklin Bldg. Chicago, Ill.

## Oysters R

**Capt. "Shang" Wheeler opens the aquacultural harvest season in distinguished company and amid brave talk of plans for making the oyster market bigger and longer.**

As a tribute to the final "r" in September, oysters of Long Island Sound entertained distinguished members of their industry on Thursday, Aug. 31. A good time was had by all—except the oysters. Rattling dredges invaded the beds, elevated bivalves were introduced to tabasco and horseradish, the most comely among them accepted the distinction of being the first victims of the 1933 season.

By these simple experiments it was determined that the new crop is uncommonly fat and fine. Sept. 1 put some 40,000 men to work harvesting the under-water yield of 19 states—in addition to 70,000 regularly employed. Prices have been depressed during the past few years by jobless of other trades who raked the state-owned beds from the Chesapeake southward to burden the market with their catch. Large companies owning most of the Northeastern acreage hope the upturn will draw the amateur competition back to where it belongs. At any rate, they estimate the present crop as worth \$20 millions to the producers.

### A New Word

The corporations support the Oyster Growers and Dealers Association of North America. Largest unit is Bluepoints Co., Inc., of the General Foods family. One of its boats, the *Clara Raye*, carried Thursday's inaugural cruise on the Sound. Between oysters, newspaper reporters questioned executives and scientists of the industry. The last included Dr. Dorothy Whipple, of the University of Pennsylvania, who coined the word "aquaculture" to describe the farming end of the business. However, it was to one, "Shang" Wheeler, that interrogators applied for most of their information.

Captain Wheeler is a gnarled and amiable colossus who presides as manager over the Connecticut Oyster Farms. Scientists may know their Latin terminology and their oyster theory, but the salty wisdom of Captain Wheeler goes beyond that. He speaks as one who lives among oysters, who appreciates their triumphs and disappointments, whose sympathy is wider than any laboratory table.

Like most oyster officials the captain discourses in terms of bushels, crops, and farming. He boasts that Connecticut alone has 70,000 undersea acres dedicated to oysters and challenges any land commodity to equal the \$150 per acre annual return. Estuaries of his

state are highly congenial to the hard-shell legions, being rich in minerals, abounding in minute vegetable and animal particles on which the oyster thrives. Thence the aspiring young are transplanted to waters particularly adapted to later development. Most famous is the floor of Long Island's Great South Bay. Here the ambitious must spend their final days if they want to graduate to the gourmets' tables as Bluepoints.

### A Life of Sorrows

Infant oysters ("spat" to the cognoscenti) must attach themselves to something. Shells shucked from their ancestors are dumped in beds to give the youngsters roosting surfaces. Fortunately oysters rate low in the emotional scale since their brief destinies are full of sorrows. Principal enemies are starfish and "drills." The last is a salt-water snail with a boring tongue which goes right through the oyster's shell. To combat them, chicken-wire traps are baited with young oysters and lowered to the beds. New Jersey pays a bounty for all drills brought in. Since he lacks



**R. H. FIELDER**—The Bureau of Fisheries man detailed to work on codes for the fisheries industry employing half a million, with its own problems in "unfair competition."



an auger, the starfish has to insinuate a tentacle in the oyster shell opening. We asked Captain Wheeler what they did about the starfish.

"We mop them up," he answered.

"Mop?" we repeated.

"Sure. There's a boat to starboard now that's mopping a bed."

The starfish catcher obligingly raised its mops—long bunches of waste yarn which entangle the barbs on the arms of the enemy and lift him out of the water by the bushel.

### It Sounds Familiar

In reviewing the virtues of the oyster you marvel that no concerted campaign has been organized to combat prejudices against him and to increase his market. One reason is that there are many small producers whose viewpoint is bounded by immediate returns. Privately owned farms comprise 95% of the oyster area of New York, Connecticut, Massachusetts, Rhode Island, New Jersey. In the Chesapeake and Southern territory 80% is publicly owned acreage open to almost anyone. Here there have been bitter fights to prevent private acquisition of the beds—the objectors sometimes using rifle fire to enforce their arguments.

The larger companies have led in backing state sanitary laws, in carefully propagating crops, in research to determine exactly why oysters are good for human stomachs. They have found plenty of material worth advertising. The oyster turns out to be one of the most perfect foods, supplying a balanced diet next only to milk in its completeness. They are rich in vitamins, also in iodine which is an important element of everyday diet besides being an effective treatment for goiter and anemia. They are more easily digested than meat or many other foods. Ladies, fearful of growing curves, can reduce by eating oysters since they have a low calory content. The ancient fear of mixing oysters and ice cream is unfounded, experts of Johns Hopkins having completed researches which prove the combination harmless.

### The "r" Superstition

Production could easily be raised above the present 18 million to 20 million-bushel harvest. Strongest prejudice of all is that against eating oysters in months that lack the "r." Arguments against consumption of fresh oysters during the breeding season are valid since adults are thin and tough at that period, and destruction would endanger future supplies. But a special drive is to be made hereafter to market quick-frozen (Birdseye process) oysters in forbidden months. It will be interesting to see whether the merchandisers are clever enough to break through a stubborn tradition.

If they are able to do so, it will be one of the greatest of all tributes to the vaunted power of advertising.



## SLAPPETY-SLAP!

*Unlike the slipping belt... the inefficient lamp sounds no warning of wasted current*

● Inferior lamps, besides often wasting current every minute they burn, lack these other advantages which are of definite value to every user of light.

● An engineering service to make sure that all your lighting needs are quickly and correctly filled.

● Freedom from early blackening of bulbs and premature burnouts.

General Electric MAZDA lamps offer all of these lighting economies. That is why great industrial and commercial concerns, steamship lines, railroads and public institutions, everywhere, specify them. General Electric Company, Nela Park, Cleveland, Ohio.

For good light at low cost

— LOOK FOR THIS MARK ON EVERY LAMP YOU BUY



GENERAL  ELECTRIC  
MAZDA LAMPS



## THE LADY AND THE THERMOMETER

**T**HE LADY should have a very kindly feeling for the thermometer. But she does not know how important temperature instruments are in producing those delicious chocolates she is eating.

The candy maker, however, knows the need for close, accurate temperature control in his plant. The richest, best-tasting chocolates . . . the best of ANY product . . . result only from exact control of temperature. Such control as Taylor Indicating, Recording and Regulating Instruments provide in every industry.

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To get this unusual Service, send for a Taylor Representative. His call costs you nothing. It may save you a great deal in money and worry. For this Service, address Taylor Instrument Companies, Rochester, N. Y.

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\*The name Taylor now identifies our complete line of products, including Tycos instruments

## Austria—Problem Child

Europe's newest loan to Vienna and the new Austro-Italian trade agreement are likely to balk Hitlerism in Austria but they only postpone final settlement of a knotty economic question.

ALL Europe is gambling over the future of a little republic almost as small as South Carolina and with fewer people than Ohio. Highest stakes are being played by Paris, London, Rome, and Berlin.

Before the War the Austro-Hungarian Empire was one of the major political and economic factors of Europe. Only Germany and Russia had greater populations. Vienna was the financial and industrial center, as well as the political capital, for 52 millions. It attracted a vast industrial population which supplied many of the goods used in territories now in Czechoslovakia, Rumania, Poland, Yugoslavia. It had great grain and timber markets, a huge Bourse, branches of great international banking houses. No other city more nearly dominated all of Central and Southeastern Europe commercially or culturally.

The war cost this empire much more than it cost Germany. What was then more or less a unit ruled from Vienna is now 7 states ruled from Prague, Warsaw, Bucharest, Belgrade, Rome, Budapest, and Vienna. Austria is now one of the smallest states in Europe. It has only 6½ million people, and nearly one-third of them live in Vienna. The country is an economic monstrosity. European statemen describe it as a "head without a body."

### Tariff Heights

If the treaty of St. Germain had simply created political barriers and allowed trade to flow over the old routes, Vienna and Austria might have survived under their own efforts. But it didn't.

Each new state was eager to justify its being. Each one attempted to become as nearly as possible self-sufficient. As long ago as 1927, the average of the mountainous tariffs raised by Hungary, for instance, was 31%. For Yugoslavia it was nearly 35%. Czechoslovakia, very determined to cultivate its own industries, raised tariffs averaging 36%. Austria, in self-defense, had import duties which averaged 19%. Naturally, this confined trade pretty closely to individual countries. The 750 great industrial enterprises in Austria could compete freely in a market of only 6½ millions, instead of 52 millions. This reduced the business for the big Vienna banks.

Austria has had very little to say about the entire matter. When the Em-

pire was divided, the victors got the spoils. When France and Britain and Italy allowed the minorities in the old Empire to set themselves up as separate states, they meant deliberately to reduce the possibility of another alliance in Central Europe, fostered from Berlin. And Italy got the old Empire's only outlet to the sea, at Trieste.

### The French System

France attempted to guarantee her own security in the East, following the War, by creating a string of satellites pledged to cooperation with Paris in case of any further trouble from Germany. Their *quid pro quo* was the security of French military force and French diplomatic pressure during their early formative years, and French financial aid which was almost equally necessary.

The German-speaking Austrians were never a part of this group of French satellites but French bankers were forced long ago to cooperate with those from the other allied nations to keep Austria alive. If the country went to pieces it might start another war in Central Europe. If it came near collapse, there would be reason for the Germans to come to the rescue.

Only 2 years ago, following the collapse of the most important bank in Vienna—the Credit-Anstalt—things started to slip badly. Austria was willing to turn to anyone who would offer help. Berlin—eager for new markets, especially if they led to the Balkans—offered a customs union. France was wild. The *Anschluss* never materialized. Other countries followed Austria into default. Germany became engrossed with the rise of the Hitler movement.

### Price of Peace?

Within the last 2 months, 2 developments have indicated the newest trend.

One is the grant of another loan to Vienna. Paris and London are furnishing the bulk of it, in bond offerings on their own markets guaranteed by their own governments. The Italians and the Swiss are also helping. Perhaps Belgium, Holland, and Czechoslovakia will also sponsor smaller issues at some later date. It is an out-and-out political loan which Austria probably will never be able to repay except by some new international cooperation not yet in sight. But it is evidently worth the price to these countries to maintain at least a semblance of stability in Europe where they have many other millions invested.

The second matter is the conference between Mussolini and the doughty Austrian Premier, Dr. Dollfuss.

Britain has always carried on a vast trade with Central and Southern Europe, and backed it with generous loans. France since the war has tried to follow political penetration with sound trade, but the plan hasn't succeeded too well. Italy, with her back door opening into the heart of this region, has had dreams of economic penetration which are just now, under Mussolini, beginning to come true.

#### Conversation Results

The Italian and Austrian dictators have reached an agreement which covers 5 specific problems: (1) Italy pledges herself to oppose any Austro-German union (Dr. Dollfuss is fighting at home to prevent this, but there is a powerful Nazi party in Austria that wants to cooperate with Hitler); (2) Italy will concede to Austria a free zone in the old Austrian port, Trieste; (3) Austria will be allowed to develop its own mercantile fleet and utilize the free zone in Trieste to harbor it; (4) Austria will concentrate all shipping through Trieste; (5) Italy will grant preferential treatment to imports received from Austria.

#### Italy Has Ships

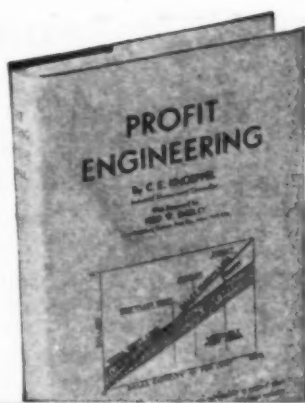
Italy undoubtedly expects that Austria will find it much more economical to use the very efficient Italian merchant marine sailing out of Trieste than to build its own fleet, at least for some time. Also, it will be highly profitable to Italy if Austrian exports go out through Trieste instead of over the present route through Hamburg and Bremen. With such points in mind, Italy has given evidence of the good faith behind its tariff concessions by placing an immediate order for \$100,000 of special drilling machinery and going ahead with plans to purchase timber from Austria.

#### Choice for Austria

The London *Economist* has neatly summarized the situation as Europe sees it: "Austria must either be guaranteed the possibility of independent economic existence by neighbors who also exist by virtue of the peace treaties, and must play her part with them in a freer trade economy which the Powers themselves could do much to bring about; or the Powers must be prepared to foot the bills for the economic maintenance they deny her on other grounds."

The 2 recent developments indicate that Europe is going to try a little of each plan as a double assurance that the "Hitler menace" doesn't spread into Austria.

The Powers may prevent this, but the problem of Austria is by no means solved. Europe is too divided to deal effectively with the German and Austrian problems at the same time.



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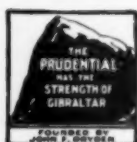


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## Dutch Renounce Tariff Truce

**Faced with expanding economic nationalism, and tied to the gold standard, Holland is seeking protection for her farmers and her colonies.**

EIGHT of the nations most responsible for the organization of the agenda for the World Economic Conference last spring decided that the conference would make a much more auspicious beginning and have greater chances for success if the principal nations of the world would agree to a tariff truce during the meetings in London. They offered their plan in May, and before the big London meeting was under way, nearly 50 nations had agreed to abide by the plan.

It was stipulated in the original accord that any nation might withdraw after July 31, simply by giving one month's notice.

Because there was no agreement on a uniform currency policy, and no general reduction of tariffs at London, Europe generally considers the World Conference a failure. Since the delegates adjourned, Germany has raised a number of tariffs on farm products, France has extended the quota system. There have been other tariff increases.

It has remained for the Dutch—practical and sincere—to renounce the tariff truce openly before going ahead with plans to protect the Dutch farmer with import quotas. Early this week Ramsay MacDonald, who served as president of the London Conference which sponsored the tariff truce, received a letter from the Dutch Foreign Minister asking that Holland be released from the terms of the truce after the stipulated one month's notice had expired.

### British Went Same Way

The British premier can sympathize with the Dutchman's point of view. It is less than 2 years since Britain abandoned free trade for a system of duties created in an effort to stimulate agriculture in the United Kingdom and to encourage trade within the British Empire. The British are pledged to "try" the plan for 5 years. Already, Britishers are convinced the policy is permanent.

Holland is one of the last strongholds of free trade, but even Holland is weakening. Surrounded by countries which have raised tariffs or imposed quotas on imports, and tied to the gold standard when great competitors are selling in currencies depreciated more than 30%, the Dutch have run into difficulties. It has become necessary, in self-defense, to protect the Dutch market.

A fruit import monopoly has been created and a grain monopoly will soon be ready to function. The Dutch farmer and the Dutch colonies will be protected.

The colonies, as a matter of fact, are

as much a problem to the government at The Hague as the domestic farmer. Holland's 50 million colonials in Java, Sumatra, and Borneo have their own problem, caused mainly by the Japanese. The Dutch East Indies have lived mainly on the sale of raw materials on the world market and on small native industries. There has been a steady flow of trade between the colonies and Holland despite the sale of cheap Japanese and Chinese products that have always come into the country. Now, with the Dutch currency still on gold, while the yen is depreciated more than 60% and the sterling group of currencies is down 30%, the colonies have run into trouble. Their products, priced in gold, are not selling as readily; imports, stimulated by depreciated currencies, have increased. There has been an appeal to The Hague to depreciate the florin and to impose import restrictions.

Holland is notifying the world of her intention to have freedom of action.

## British Billboards

**End of Empire Marketing Board frees 17,000 "poster frames" for possible commercial use.**

LONDON—When the British set up the Empire Marketing Board 7 years ago to encourage increased demand for Empire products, they did a thorough job of advertising. Billboards proved to be especially effective in reaching a large public and a chain of 17,000 of them was developed. More than \$2½ millions were spent in putting up attractive and substantial oak "poster frames."

Under the new tariff system, Empire buying is being pushed without resort to patriotic appeal and the Empire Marketing Board is being abolished. After Oct. 1, the chain of billboards will stand empty unless the government reaches some decision on their future use. Most Britishers think the government will decide to retain the boards as a chain of stations for national announcements.

Thrifty taxpayers have had the temerity to suggest that the government might rent the billboards for straight commercial advertising—perhaps under strict censorship. Advertising executives are watching announcements closely. If the chain is used commercially, there will be a scramble for the first leases, for the system includes some of the best sites in Britain.

# Business Abroad

**More evidence that lagging wage increases are preventing recovery. France disguises rigid barter plan in revamped quota system. Germany feels full brunt of export decline. New Cuban revolution jeopardizes Roosevelt plans to cultivate Latin American trade.**

## Europe

**EUROPEAN NEWS BUREAU (Cable)**—The striking display of Hitler support at the Nazi party rally at Nuremberg; the renunciation of the world tariff truce by Holland (first country formally to abandon the truce); the decree from Paris that France will buy from those who buy from her and enforce the idea with rigid import quotas; the striking decline in foreign orders placed in Germany; the lessening of friction over Austria since Mussolini came to the rescue with a new trade agreement, and unified Europe in the stand against a forced union between Vienna and Berlin; and the inevitable clash of British and Japanese interests in Empire markets which is to be aired soon at Simla in India, and later in London—these are the highlights of the business week in Europe.

Business generally is still under the influence of the holiday season. Except in Britain, the stock markets are inactive and prices down. The wholesale dumping of shares on the Berlin Bourse, supposedly by fleeing refugees, has caused prices to slump drastically. Industry in all countries has failed to register gains commensurate with the recovery in employment.

## France

**Government announces new policy to use import quotas as bargaining weapon.**

**PARIS (Wireless)**—France pretty definitely defined her foreign trade policies this week.

For several years, now, the French have restricted imports of many products to a fixed percentage of imports in the previous year, or in some stated period.

This week there was a ministerial decree drastically modifying this quota system. Beginning Oct. 1, France, instead of allocating entire quotas on various products, will allocate only one-fourth of the quota on the old percentage basis. The remainder will be held in reserve. As other nations seek to sell to France, the Paris government will try to drive a bargain. As far as possible, the French are going to make

it an eye-for-an-eye trading arrangement: if you buy \$100 worth of French goods, I'll buy \$100 worth of your goods. France, almost always selling less abroad than she buys, has a sharp bargaining weapon in this arrangement.

Viewed from Paris, it looks as though foreign trade is going to divide itself into 2 categories: trade with other nations which are still on the gold standard, and trade with the non-gold countries which France calls the "floaters." With the gold group there may be bi-lateral, even multi-lateral, agreements. With the floaters, there will be out-and-out hard bargaining. Not the least of this group is the United States.

Currently, the business outlook is not exceptionally good. The Bourse, despite the end of the holiday season, is unusually dead. Business showed signs of slackening, though the turnover tax returns for July—just reported—and the special luxury taxes jumped 4 million francs above budget estimates.

## Great Britain

**Small business gains persist: unemployment down 31,000 in August; automobile sales up with Austin dominating the market.**

**LONDON (Cable)**—Holiday makers have been pouring back into London this week but business is not yet free from the holiday spirit. Stock markets have maintained the abnormal activity which characterized them late in August, but other business is not yet swinging along at full tilt. Industrial activity for the second quarter of 1933, according to the official index just published, was 12% greater than in the first quarter of 1933, and 1.7% greater than in the second quarter of 1932.

Commodity prices according to Reuter's index (Sept. 18, 1931 = 100) stand at 125.2, compared with 135.2 a month ago, and 132.4 a year ago. The declines in cotton, wheat, and sugar, which are heavily weighted in the construction of this index, account for the recent decline.

In view of the new sales drive by the motor car makers, the figures for private car registrations in Britain are of special interest. For the 9 months ending in June, registrations totaled 142,859,

compared with 111,987 in the same period of the previous year. If the new registrations are maintained at the same relative level for the 3 months ending Sept. 30, they will bring the total to 182,489, which will be a record which compares with 143,053 last year, and with 167,517 in the previous record year ending in September, 1929. The total number of cars in use this summer was 75,000 greater than a year ago. In an analysis of horsepower, there is no question that the trend has been toward cheaper models. Average hp. in the present 9 months has been 11.6, compared with 12 a year ago, and 13.3 in 1929. The Austin Co. is now believed to account for more than a quarter of the total British sales output.

## Radio Show

The London Radio Exhibition this year was an unqualified success. The first 4 days produced orders valued at £11,894,725. Several makers sold their entire year's output. Expert opinion is that British radio manufacturers now face 2 major problems: an approaching saturation point, which will mean that soon new sales will be contingent on taking an old set in exchange; and fashion whimsies which will mean that year to year sales of particular companies will vary with successful designing. It is admitted that the number of working middle-class homes is much larger than the number of radio licenses which have been issued, indicating that there is a large potential market not yet sold.

Unemployment declined another 31,000 in August. Greater activity is especially evident in the iron and steel manufacturing industries, engineering, shipbuilding and repairing, the electrical apparatus, woolen, and hosiery trades. England sees in the renunciation of the tariff truce by Holland a renewal of the tariff war. The Stock Exchange has extended Saturday closings through September and may make the regulation permanent.

## Germany

**Dwindling foreign trade and sagging securities prices worry executives. Masses and party leaders forget worries in great party rally at Nuremberg.**

**BERLIN (Cable)**—German political interest this week has been centered in the return of Hitler's Brown Shirts from the great party rally at Nuremberg. More than 750,000 supporters have spread over Germany to pass on the enthusiasm of "the leader."

While the Nuremberg meeting was wholly political, 2 or 3 observations should not be ignored by even the most non-politically minded executive. What-

ever the good or bad points of Hitler and his Nazis, they are in Germany to stay for a considerable period. They have the backing of the mass of Germans. They will probably pull through a long, tough winter because neighboring nations are only a little better off. And, importantly, despite the spreading boycott against them, they are going to continue their campaign against the Jews.

This last observation at the Nuremberg meeting is especially significant this week for it is increasingly evident that Germany's current economic situation is seriously affected by outside reaction to this anti-Semitic movement. Foreign orders are declining alarmingly. A part of this is due to the boycott. A part is due to the growing nationalism in Europe. Holland's renunciation of the world tariff truce (page 24) was more a protest to the new German quotas restricting Dutch sales to Germany than to restrictions in any other great Dutch market.

#### Emigrés Dump Shares

Securities are also affected. During the week, the Boerse has been dull and prices have slumped seriously. This is blamed largely on selling by foreigners and by Jewish émigrés, eager to liquidate their holdings before they leave Germany. The *Boersen Zeitung* frankly admits that "there is little inclination on the part of the Nazis to relieve these émigrés of their securities at high quotations." The market, without official support, simply cannot absorb the volume of shares being dumped on it.

In the face of the startling decline of foreign trade, a proposal has been made to put all export trade on a sterling basis and have it handled entirely through a specially founded export bank. This would make the German mark only a domestic currency, but, in reality, it is little more than that now with the special "blocked" marks accounts selling at a heavy discount for all foreign business.

There is a distinct economic slump this week which the Nuremberg meeting has pretty well concealed from the casual observer. Executives, watching the week's reports anxiously, are not happy over the outlook.

## Latin America

**Situation in Cuba serious following new revolution. Radical parties take over the government, threaten absentee foreign control of agricultural and commercial interests.**

"I HAVE fulfilled faithfully the revolutionary program of the people. It is time for others to assume the burden of government. The responsibility will be theirs before history."

With these words Señor de Cespedes—provisional President of Cuba for less than a month—stepped out of office. His place was taken by a junta of 5 leaders of the radical parties whose program included simply 6 points: Economic and political reconstruction following the election of a new assembly; immediate punishment of members of the old Machado régime, not all of whom have been removed from office; strict respect of the debts and obligations of Cuba; immediate reformation of the courts; reorganization of all national services; and creation of a "modern democracy based on pure principles of national sovereignty."

#### Radicals Triumph

*Business Week* is not surprised at the new move. While Dr. de Cespedes commanded the respect of a great many of the Cubans and foreigners dissatisfied with the Machado administration, he was too closely affiliated with the old Machado group, if not with Machado himself, to have for long the support of the 2 outstanding radical groups in Cuba, which have fomented the present revolution and which now have grasped the power for themselves (*BW*—Aug 19'33).

The prompt move by Washington in sending destroyers to Cuba indicates the government is aware how serious the situation may become before it is finally settled. Cabled advice to *Business Week* says simply the "situation (is) very serious." The platform of the new government is momentarily less important than their ability to maintain order in the island. If they can successfully maintain themselves in power, they will not ease the situation for President Roosevelt. He has shown a determination to intervene in Cuba only as a last resort because of the bad effect it would have on his plans to develop closer economic relations with Latin America. But a radical group seldom comes into more than temporary power without some serious disorders.

#### Oppose Absentee Ownership

Much more important, the ABC party and the so-called "radical" student groups—who seem for the time to control the situation—are strongly opposed to "Big Business" interests from the United States which, they claim, kept Machado in power after the Cubans no longer wanted him, and would do so again under any but a President from their group administering the country under a new constitution.

It is the claim of this group that 60% of the island's arable land is owned by absentee landlords or foreign stock companies with no interest in the welfare of the Cubans who work them. They point out that a similar situation exists in the utilities and transportation fields. Americans, with just less than \$1 billion directly invested in Cuba,

have reason to be worried by the advent of the new government.

Outside of Cuba, major interest in Latin America centered in Argentina where the government has forced a reduction in interest rates. When bankers, who were summoned to a conference with government officials several weeks ago and warned that interest rates must be reduced to meet current changed conditions, failed to act, the government decreed a 2% reduction in interest rates. This brings the rate on agricultural loans to 5%, on commercial and industrial loans to 5½%, and on unsecured loans to 6½%. The decree also forces the bankers to accept a 1½% cut in interest on the government's treasury notes, which reduces the rate to 4%.

Still pending is a bill before the Chamber of Deputies suspending for 3 years the 1% annual sinking fund payments on mortgages of the National Mortgage Bank as well as the bank's 1% annual commission. This in practice reduces the annual payments on mortgages from 8% to 6% and puts them on the same basis as private bank loans under the new interest rates.

## Far East

**Japan increases its share in world trade at expense, especially, of Great Britain. Conflicting cotton interests to meet in London this fall. Continued efforts to win larger share of Latin American market.**

WHEN the League of Nations report on world trade for the first half of the year was issued, it showed a slight decline in totals over the same period last year. Much more important, it showed that Britain, France, Germany, and the United States had less trade, while both Japan and India had increased their percentage of world trade.

When Alston H. Garside, economist of the New York Cotton Exchange, released his study of last year's world trade in cotton, it pointed out that Japan, for the first time in history, exported a greater yardage of cotton cloth than Great Britain. Japan's exports jumped to a new high record 40% above the total for the previous season. British exports increased a bare 3%. Only 5 years ago, Britain exported more than 3 times the yardage exported by Japan, or 3.9 billion yards compared with 1.2 billions.

Total consumption of cotton by the 2 great competitors also offers striking contrasts. Japan's consumption of raw cotton rose to a new high of 2.7 million bales, compared with 2.5 million last year, while British consumption declined from 2.5 million to 2.4 million bales. Five years ago Japan used only



2.3 million bales, while Britain consumed more than 3 millions.

These are only 2 of the major facts which add significance to the coming trade talks in India and in England between Japan and Britain. The India conference at Simla is an attempt to adjust the heavy tariffs against non-Empire goods, which impose a 75% duty on Japanese cotton goods imports, and only 25% on the British product. Japan has a bargaining weapon. Despite the large purchases of raw cotton in America, Japan takes usually about one-fourth of the Indian cotton crop while Britain usually takes little more than 4% of the output of this member of the Empire.

#### Battle for Markets

The London meeting is not yet definitely scheduled but both British and Japanese industrialists know that the only possibility of avoiding a long trade war is some accord which may be reached when negotiators from both sides get together.

No details of the London meeting have been released but the Japanese understand that not even the agenda will be announced until representatives from both sides have conferred. Tokyo also understands that world markets which will be discussed will be limited to England, the Straits Settlements, East Africa, Palestine, and Ceylon. Some settlement regarding the India market should be reached at Simla before the London conference gets under way. Japan will probably seek separate agreements with Canada, Australia, and South Africa—all of which have customs autonomy.

#### Push into Latin America

There is evidence this week that Japan is following the announcement made several weeks ago regarding new efforts to expand trade with Latin America (BW—Aug 5 '33). The first shipment of 1,400 tons of cement left Yokohama this week for Peru. *La Prensa* takes note of a number of small Japanese orders for cotton, wool, and meat, looks on them as teasers for more Latin American trade; asks if it is possible that the first battle of the growing commercial rivalry between Japan and the United States will be opened in Latin America. If so, soliloquizes *La Prensa*, it would be economically advantageous to Latin American countries.

Shares are commanding higher prices in Japan this week, following the August slump, and bonds have jumped appreciably. The government has announced that it will soon float a new 4%, 25-year issue, to be offered at 98.50. This emphasizes the trend toward lower interest rates which has been evident in Japan for many months. On Aug. 1, the average yield of all bonds and debentures had dropped to 5.28%.

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# The Figures of the Week

Following a brisk summer recovery, business temporarily rests on its oars. Adjustment to code regulations absorbs attention. Coal and electric power production are rising, steel operations declining, prices weakening.

LABOR DAY, as a matter of custom, marks a transition from the dullness usually associated with summer business to the period of activity which cold weather and the approach of the annual holidays ordinarily stimulate. The current year provides a markedly different situation in the business world. The severe cyclical slump has confounded seasonal factors, and the advent of a new Administration imbued with a determination to break the long downward slide of business volume has overcome the stagnation of summer months. Instead, we reach September with a remarkable record of achievement in practically every line of commercial endeavor. Our general index of business activity has risen from a low of 47.7% of normal in March to a peak of almost 69% in July, a gain of 44%. The recent slackening has resulted in a setback to about 63% of normal.

Individual lines reveal the same astonishing gains over the dismal spring days

of February and March. Steel activity jumped from 15.5% of capacity in March to more than 58.9% in July, while actual tonnage increased 252%. The first 8 months of 1933 will show steel production greater than the entire year 1932. Automobile production in July gained 98% over March, while the 7-month period is 26.5% ahead of the same months of 1932. The consuming public has come forward with renewed courage and taken 13% more passenger cars from the showrooms than during the first 7 months of last year.

Increased industrial activity with its attendant expansion of working forces, payrolls, and hours is also evident in the electric power figures. Current demand for power runs 19% above the March low. Large commercial users were drawing 49% more energy in July to run their plants than in March, and 30% more than a year ago. Even domestic consumers have ventured to be a little more carefree with lights,

refrigerators, and ranges, permitting this line again to cross the 1932 level. Bituminous coal output is rapidly rising after lagging longer than usual in the first quarter. Replenishing the shelves of merchants and the bins of commercial and domestic consumers has brought 44% more traffic to the railroads than was available in March.

## Prices Higher

Without doubt, the threat of higher prices was a factor in stimulating the summer recovery. The 784 wholesale items priced weekly by the U. S. Bureau of Labor Statistics are now 16.8% higher than the February low. Cotton, which hit 5.90¢ per pound in February, staged a brilliant flight to 11.75¢ in July during the scramble to lay in supplies before codes became effective. The recent slump to approximately 9¢ reflects the lagging demand from well stocked consuming establishments. Wheat, too, participated prominently in the summer maneuvers, rising from 42¢ during the last days of the Hoover régime to \$1.06 a bushel in July for Kansas City, hard winter, cash grain.

Steel executives are still concerned over the price lists recently filed under the code which revolutionize the entire selling procedure. September initiates the one-price era in steel, a novelty to which both producers and consumers must adjust themselves before buying

## BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

### PRODUCTION

Steel Ingot Operation (% of capacity)	42	49	12	53
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	\$3,651	\$3,604	\$4,301	\$14,030
Bituminous Coal (daily average, 1,000 tons)	*1,292	*1,266	887	1,367
Electric Power (millions K. W. H.)	1,637	1,630	1,465	1,627

### TRADE

Total Carloadings (daily average, 1,000 cars)	105	106	90	149
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	64	65	60	96
Check Payments (outside N. Y. City, millions)	\$2,572	\$2,740	\$2,494	\$4,273
Money in Circulation (daily average, millions)	\$5,612	\$5,607	\$5,740	\$4,969

### PRICES (Average for the Week)

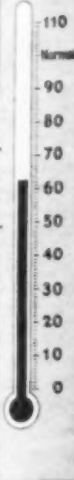
Wheat (No. 2, hard winter, Kansas City, bu.)	\$ .86	\$ .86	\$ .49	\$ .90
Cotton (middling, New York, lb.)	\$ .093	\$ .096	\$ .089	\$ .131
Iron and Steel (STEEL, composite, ton)	\$31.23	\$30.10	\$29.32	32.95
Copper (electrolytic, f.o.b. refinery, lb.)	\$ .088	\$ .088	\$ .058	\$ .112
All Commodities (Fisher's Index, 1926 = 100)	70.8	70.4	62.5	82.3

### FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,282	\$2,253	\$2,337	\$1,488
Total Loans and investments, Federal Reserve reporting member banks (millions)	\$16,607	\$16,605	\$16,472	.....
Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,767	\$4,768	\$5,354	.....
Security Loans, Federal Reserve reporting member banks (millions)	\$3,766	\$3,737	\$3,971	.....
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	\$881	\$853	\$345	\$3,053
Stock Prices (average 100 stocks, Herald Tribune)	\$102.63	\$103.43	\$92.61	\$147.53
Bond Prices (Dow, Jones, average 40 bonds)	\$87.09	\$87.58	\$82.00	\$92.11
Interest Rates—Call Loans (daily average, renewal) N. Y. Stock Exchange	.9%	1%	2%	4 2%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1 1/2%	1 1/2%	2-2 1/2%	3 8%
Business Failures (Dun and Bradstreet, number)	311	326	549	447

\*Preliminary †Revised

# BUSINESS INDICATOR



## The Index

The weekly index of general business activity, first of its kind, is compiled by *Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For details of statistical methods, write the editor.



can be resumed at a better pace than at present. Tin plate increased 40¢ per base box to \$4.65, following a rise in pig tin, but since most of the important consumers can specify against old contracts, it is not expected that many will be affected by the new quotation. But tin plate producers look forward to a busy fourth quarter, and even now many are operating at more than 90% of capacity. Cold rolled sheets of auto-body and furniture quality are to be increased by \$3 a ton, thus creating a cost problem to the motor manufacturer accustomed to chisel down prices.

### Pig Iron Output

According to *Steel*, pig iron production increased slightly over July, making the daily and total tonnage output the highest since May, 1931. But in the current month a reduction in output is anticipated, following the loss of 7 active stacks. Steel production also has been sagging in recent weeks, thus retarding the reemployment program that looked so promising during the midsummer months. With the current rate approximately 40% of capacity, the maximum hours specified in the steel code are far from being attained. But some hope that the present lull may be lifted lies in the banking of furnaces rather than their complete extinction, making resumption a matter of a few hours.

Railroad buying of freight cars started up during the summer months, though August found but 202 orders against 306 in July and 500 in June. From January through May, only 66 cars were ordered, according to *Steel*, a sharp contrast to the last 3 months. Steel mills watch Coordinator Eastman's efforts to revive railroad equipment buying.

With August assemblies of automobiles estimated at about 220,000 units, and September schedules looking more promising than at first expected, the motor industry has time to consider the effect of the codes established for itself as well as the probable effect of other codes on its suppliers. Considerable quantities of steel are believed to have been laid in before the code problem became acute, thus delaying any important discussion of the trend of automobile prices. Mr. Ford's individualistic attitude now disturbs the Administration, and makes front page advertising copy for his concern. This time it may prove less valuable than in the past. Employment in Detroit at the close of August stood at 64.7 compared with 62.8 at the end of July and 29.2 a year ago.

### Foreclosures Declining

Real estate foreclosures are becoming less popular, according to the survey made by the Federal Home Loan Bank Board of 1,050 communities having 54% of the total population. The total for July was 17,220, a drop of 2,482 from the preceding month. The survey covers farms, commercial properties, and homes.

Lumber orders during the week ending Aug. 26 dropped to the lowest since April, but production is being maintained at the best levels of July and August.

Coal production continues its seasonal expansion while operators struggle to fix up the code. Perhaps fear of labor difficulties following the recent rupture over union recognition may have been an additional spur to output.

Miscellaneous freight, L.C.L., forest products, ore and coke shipments de-

clined during the week ending Aug. 26, thus outweighing the gains in coal and livestock freight. The total spread over 1932 was reduced to 17.5% after ranging from 21%-30% for the past 9 weeks. The railroads are planning to file increased rates on a large number of commodities when the surcharges expire at the close of September.

The volume of check transactions during the last 2 weeks of August declined from the mid-month level, but the movement is not unprecedented. During the latest week of Aug. 26, a number of financial centers such as New York, Boston, Pittsburgh, Detroit, reported larger check transactions than during the preceding week.

### Currency Circulation Smaller

Currency outstanding is now at the lowest level of the present year, having declined over \$1.9 billions since the record peak in March. But the current volume in the hands of the public is still more than \$1.1 billions above the low of the depression reached in 1930. But that was before hoarding became a fad.

Commodity prices continue to display nervousness, having lost ground since a week ago. Grain markets were weak, particularly near-by months. Coffee and sugar quotations, and possibly wool, were exceptions to the general softening. Non-metal markets were firm, though zinc again declined.

Commercial failures during the last week of August reached the lowest level of the year. The real test of slackening mortality rates among business firms will come in the next few months when the normal trend is upward. But 1933 is showing marked improvement over 1932.



# The Financial Markets

**Credit continues to contract but the Administration has been aroused to its importance as a revival factor. Federal Reserve pushes open-market purchases but they increase reserves—not credit.**

## Money

At last, the Administration is becoming really credit-minded. After the picturesque explosion of General Johnson, once he became aware of the significance of bank credit to the recovery program, Washington woke up suddenly to a neglected factor. The President wired the bankers' convention that "the banks must play an important part in making increased loans to industry and commerce"; and Jesse Jones, of the R.F.C. added that if they don't "the government will have to do so."

The R.F.C. head speaks with conviction. He says, "There can be no return to normal conditions without bank credit." But can credit be created by fiat of government officials? Country banks are clearing the deck for the deposit guarantee provisions, and the city banks are remaining in a highly liquid position. President Sisson of the A.B.A. continues taciturn on the subject of credit. "Undue liberalization of credit would be unwise," says he. From the traditional standpoint of the bankers—yes. From the standpoint of the general public, credit is today vital for recovery.

The two points of view must be, in

the Washington parlance, "coordinated." Business needs credit but banks must not be asked to take risks. The banker certainly could extend himself considerably without assuming risks. This is especially true in the large cities where highly liquid banks have degenerated into glorified pawn shops and have absolutely stopped the emission of credit.

The country banks, on the other hand, need help if they are expected to extend credit. Their capitalization is precariously thin to protect deposits. A liberal application of the preferred stock purchase provisions of the new Banking Act would put country banks in a better position to be liberal.

It might be pointed out that "the banks of banks" in the Federal Reserve have been none too liberal in extending commercial credit. To be sure, they are buying government securities on an increasing scale. But extension of credit for commercial purposes, as evidenced by bills bought in the open market, has shrunk to less than \$7 millions. This contrasts with average bill holdings of \$326 millions in 1931, and \$951 millions in 1929.

An important point here is that commercial paper has not only shrunk in

the portfolios of the Reserve banks but has practically disappeared on the market. The total amount of commercial paper outstanding is now only around \$80 millions against \$526 millions in August, 1930.

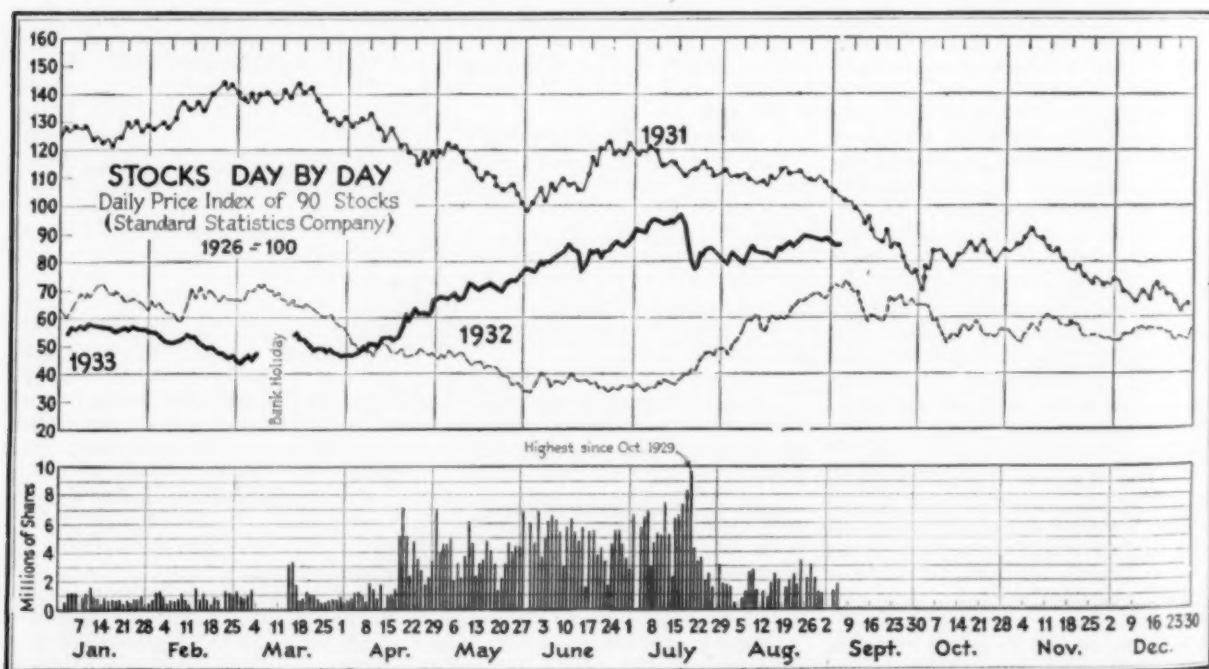
Liquidity is still the watchword of the Federal Reserve banks. Though they now hold a total of \$2.1 billions of government securities, \$1.7 billions are in Treasury notes and certificates of almost immediate maturities and only \$400 millions are in bonds.

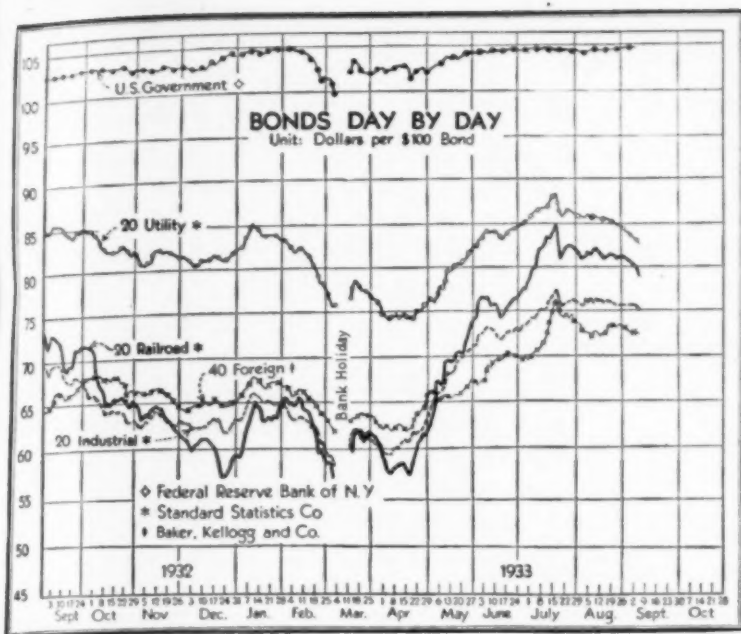
## Against the Tide

Support of the contention that banks are not expanding credit in sympathy with increasing business activity comes from the weekly condition statement of reporting member banks in 90 leading cities. Loans and investments of these banks total \$16.6 billions, somewhat lower than at the end of July and lower than at the end of June. Business activity has jumped sharply during this period but the banks have, if anything, decreased their credit. When we separate the loans into those made on securities and "other loans" we find that neither has changed much during these last 2 months in which such momentous changes in industrial activity have taken place.

The bond portfolios have changed by a decrease of holdings of government securities. This stands out especially in the records of the last 2 weeks and presumably is explained by the purchases of the Federal Reserve banks which have depleted the member bank portfolios.

Deposits are created by loans and, if loans do not increase, deposits—especially demand deposits—are in for a





decline. Net demand deposits at \$10.4 billions, while \$49 millions higher than the preceding week, compare with almost \$11 billions at the end of May, \$10.7 billions at the end of June, and \$10.6 billions at the end of July. In the reporting banks alone some 600 millions of deposits have disappeared in 3 months. This, it must be remembered, occurred in the large city banks that were not closed after the bank holiday and that have been liquid and solvent. Moreover, in spite of the disappearance of this large amount of net deposits, reserve deposits of member banks have increased \$300 millions during the last 3 months. This is almost exactly the amount of government securities purchased by the Federal Reserve banks.

In brief, what has been happening is this. The Federal Reserve banks bought United States obligations from the member banks and credited the banks with a reserve deposit for the purchase. And there it remained. Instead of passing on to agriculture and industry, the additional credit reposes as excess reserve for member banks.

The remedy, of course, lies in continuing to force the issue. If the Federal Reserve banks would continue to increase their open-market purchases of government obligations the volume of reserve credit would soon swell to such proportions that the member banks could not afford to leave it idle.

The only reason that the contraction of credit hitherto has had no disastrous effect on business is that the velocity of bank credit turnover has greatly increased in the last 8 weeks. From a low of 50% of the 1925 turnover of deposits, it has now risen to 80%.

## Stocks

A DRIFTING stock market, mostly aimless, generally downward, was Wall Street's portion this week. The dollar was higher but that had only a moderate effect on stocks. The Street is not scared. There is no such thing as panicky selling. The check in business activity was anticipated and is expected to become more pronounced during September. Hence the weakness of stocks.

There is widespread hope that business activity will pick up again and that commodity prices will become firmer. The lull was explained as partly seasonal and partly the consequence of overextension in the spring and early summer. Moreover, it is expected that, with codes now in effect in important industries, there will be some decline in corporation earnings. On the whole, Wall Street is taking the situation philosophically and hopefully.

## Bonds

CONTINUANCE of the open-market operations of the Federal Reserve banks had a salutary effect on the entire bond market. Governments remain strong. The only government bonds now below par are the Treasury 3's due in 1951. Semi-government obligations, such as the Federal Land Bank bonds, are unchanged in spite of impending issues of Home Loan bonds. Rails and industrials have shown strength in spite of weakness in stocks. Dividend payments continue to make investors happy. August dividends aggregated \$216 millions against \$128 millions in July and \$250 millions in August last year.



**GENERAL MILLS, INC.**

## Preferred Stock Dividend

September 1, 1933

Directors of General Mills, Inc., announced today declaration of the regular quarterly dividend of \$1.50 per share upon preferred stock of the company, payable Oct. 1st, 1933, to all preferred stockholders of record at the close of business Sept. 14th, 1933. Checks will be mailed. Transfer books will not be closed.

(Signed) **KARL E. HUMPHREY,**  
Treasurer



## Fledglings!

... In a few short weeks, their wings strong, the birds will be shooed out of the nest to fend for themselves. Your fledglings must spend years strengthening themselves to meet the world single-handed. Protect them now against having to face life too early or unequipped. Life insurance will look after their education — even take your place financially if it should be necessary.

*John Hancock*  
LIFE INSURANCE COMPANY  
30 BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU

197 Clarendon Street, Boston, Mass.

Please send your booklet on life insurance for family protection.

Name \_\_\_\_\_

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3-33

# BUSINESS WEEK

The Journal of Business News and Interpretation

SEPTEMBER 9, 1933

## "Please—or Else—"

THE bankers certainly cannot complain that their importance and dignity are not properly appreciated. To their national convention, the chairman of the R.F.C., the chairman of the Federal Reserve Board, and the President of the United States himself appealed for cooperation.

The bankers were asked to reverse the psychology of extreme caution, abandon the policy of liquidation and begin to think in terms of expanding business and catching step with the recovery program. That program must fail, of course, without credit. As we pointed out last week, the Blue Eagle must be fed money. And, unless we are simply to print it, the money will have to come from the banks.

It would be naive to suppose that any amount of eloquence or persuasion would completely change overnight the attitude of a group of men who are not, and should not be, impulsive or emotional. But the three addresses will have an effect, nevertheless. The Administration's message is bound to stick either in the front or the back of the mind of every man to whom it was addressed. If it changes the thinking and the policy of some of the over-timid, that will be so much net gain.

There is much to be said in appreciation of the banker's difficult course since the débâcle of March 4. There is even more to be said for the thesis that the problem of restoring to effectiveness the banking system of the country was and is not a bankers' problem at all, but a government problem, which has been ineptly handled. Nor do we believe all the stories we hear about splendid loans that are being turned down every day by hard-hearted bankers. But having said so much in sympathetic understanding of the bankers' problem, we still believe the time has come for a more liberal credit policy, and that

banks can help more than they so far have shown a disposition to do.

Bankers, of course, resent the suggestion. They insist that they are not refusing sound loans, and never have. It is futile to argue that with them, because it is the banker who defines what is "sound." The point is that the loan which is not sound today becomes sound tomorrow if the banker so decides.

So much for the immediate and dominant issue. There was more in the three messages than that. There were various strong reminders that many changes have come swiftly, and that even more changes impend. And of greater significance than what was said was the tone in which it was uttered. The bankers heard words framed as a plea—but as they listened, they could detect underneath a bass rumble that sounded like "—or else—"

"Loans can and will be made," said the President.

"We are in a new era," said Mr. Black. "If you don't like that term, change the term—but it is here."

"It is easy to say 'No,'" said Jesse Jones. "If that is the program, and we want the government to do our banking, what is to become of our high-priced bank talent? The office boy can say 'No.'" And again, "Those of you who think you are going to get rid of deposit insurance at the next Congress simply do not know your Congress."

Some of these phrases carry subtle implications; some of them are brutally explicit. But there is no convincing evidence that the convention heeded them. Indeed, the echoes of the last address had hardly died away before the convention was denouncing the new banking laws and predicting their repeal, and talking of rallying forces for "defense against" Congress next winter.

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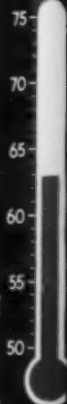
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